INANCIALTIMES

Tokyo curbs arbitrage trading

united Germany

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### Soviets consider presidential system

World News

The Soviet Parliament is urgently considering plans for a full-scale presidential system, with direct and contested elections by secret ballot. Supporters of Mr Mikhail Gorbachev, the Soviet leader, are pushing for an emergency seasion of the country's Congress of People's Deputies - the supreme constitutional authority – to approve the plan, revealed yesterday in a draft law, as a matter of urgency.

### Gibraltar accord

Britain is to draw Gibraltar into two bilateral agreements it has with Spain in an effort to clamp down on drug smug-gling and money laundering from the colony, Page 26

Poland joins Eutelsat Poland will this week join Eutelsat, pan-European satel-lite operator, in the latest sign of European readiness to boost the transfer of technology to

the east bloc. Page 2 **UK dumping plan** UK Government is trying to weaken significantly an agree-ment on North Sea waste dumping which ministers of nine European countries are due to conclude next week.

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Havel in Moscow First trainloads of Soviet soidiers began leaving Czechosio-vakia as President Vaclav Havel arrived in Moscow to

finalise arrangements for with-drawal of all 73,500 troops by

July 1 next year. Page 3 At least 16 people died as 80 mph gales buffeted Northern Europe, disrupting rail and ferry services. Page 10

Korean N-station North Korea admitted yesterday it was building a nuclear power station but denied reports it was trying to develop

UN role in Cambodia Australia's peace pian for Cam-bodia calls for an "enhanced role for the United Nations" and outlines a "minimum timetable" for elections in April,

### 1991, Page 4 Unification discord Mr Hans-Dietrich Genscher

West German Foreign Minis Minister Mrs Margaret Thatcher's claim that East Germany could not automatically step into the EC as part of a united Germany. Page 3

Indians vote today More than 200m people, over a third of Indian voters, vote today in state assembly elec-tions expected to confirm the rise of the radical Hindu BJP party as a force in Indian poli-tics: Page 4

### Carisson returns Sweden's parliament reap-pointed Social Democratic leader Ingvar Carlson of ader Ingvar Carlsson as

Prime Minister only 11 days after his minority government

Finns to buy jets Politically neutral Finland is to ask for bids from four fighter aircraft-makers from France, the US, Sweden and the Soviet Union to renew its ageing fleet of 60 Mig-21 and

Swedish J-35 Draken interceptors. Page 8 Burmese poli rules Burma's military government

laid down stringent rules for the country's first elections in 29 years, including regulations requiring parties to obtain permission for political SA hunger strike Over 300 prisoners at Robben Island jail off Cape Town, where Nelson Mandela spent

most of his prison term, went on hunger strike.

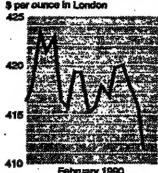
### Business Summary Perrier sets scene for million-dollar relaunch

PERRIER, the French bubbly mineral water, is to be relaunched with a worldwide multi-million dollar advertising campaign in a bid to wash away memories of the discov-ery of benzene traces in some of its production. Page 26

TRADE: Tensions between EC and US over telecommunications trade deepened with Brussels accusing Washington of using its domestic legislation as a bargaining counter in the present Uruguay Round of Gatt talks. Page 26

GOLD bullion price drifted down steadily in London to

**Gold price** 



close at \$411.25 a troy ounce. \$4.75 below Friday's closing level. Heavy selling by produc ers, who seem to believe that gold will not go much higher in the medium term, was trig-gered when the price reached the \$420-\$425 range. Page 36

SAAB-SCANIA, the Swedish automotive and aerospace group, halved its pre-tax profits to SKr1.6bn (\$262m) last year from SKr2,2bn. This was mainly due to a loss of SKr2 lbn in the company's car division compared with the SKr11m pre-tax profit in 1988.

GATT multilateral talks on liberalising global trade could soon be leopardised if the daysloped countries fall to negotiate seriously on crucial Third World interests, the developing countries warned yesterday. Page 8

RWE, West Germany's biggest energy concern, is set to take its stake in Hochtlef, the country's second largest building group, to over 50 per cent. Until now, RWE, which like Hochtief is based in Essen, has held just over 40 per cent of the building group. Page 28

WANG Laboratories, the struggling minlcomputer manufacturer, is to sell its lease-financing operations, including Wang international Financial for about \$250m to GE Capital, a leading worldwide financial organisation. Page 29

MEXICO'S revenues from petroleum exports in 1989 amounted to \$7.28bn, an increase of 24.3 per cent over 1988, as a result of the market's recovery. This was despite a lectine in the volume sold.

Page 36 FINLAND is on the verge of asking for bids from four fighter aircraft-makers in France, the US, Sweden and later, the Soviet Union, to renew its ageing fleet of 60 MiG-21 bis and Swedish J-85 Draken interceptors by 1996, at an estimated cost of FM10bn (\$2.5bn). Page 8

SCINDIA Steam Navigation Company, India's oldest private sector shipping company which three years ago was on the verge of bankruptcy, has set sail again with the aid of a government relief package and helped by a revival in the international freight market.

SASOL, the South African oilfrom coal company, has seen its synthetic fuels production hit in the half year to December 23 1989, in the aftermath of a fire. Further production shortfalls are expected this financial year, Page 29

February 1990

(PSLN).

During the past decade of hitter animosity between Washington and Managua, the US backed the anti-Sandinista

at unseating the left-wing government.

President Deniel Ortega yesterday conceded defeat to Mrs. Chamorro, saying: "The results show a tendency which cannot be ignored... I want to say to the people of Nicaragua and the world that the President and Government of Nicaragua will respect the popular mandate expressed in these elections."

With more than 75 per cent

With more than 75 per cent of the vote in, Mrs Chamorro was winning 55 per cent, against 41.5 per cent for Presi-dent Ortega in the presidential

summoned large institutional investors and leading brokers to discuss ways to support the market. However, there was no sign of any buying resulting from such discussions.

Early bouts of computer-driven selling pushed the Nik-kei index, the key market indicator, down by more than 2,400 points, or 6.9 per cent at the start of the week's trading, before a recovery later left it closing down 1,569.1 at 33,321.67.

the market has shattered the confidence which had set Tokyo apart from New York and London in the past two years. Mr Paul Muller at Schroders Securities in Tokyo, said: "The market is a caul-

dron of fears and problems." However, once again the steep falls in Tokyo failed to spill over to equity markets in London and New York. Although London's FT-SE Share 100 index opened 28.2 lower in year partons trading Share 100 index opened 28.2 lower in very nervous trading, equities rose steadily during yesterday's session and the index closed at 2,249.3, up 12.6. London's performance was buoyed by New York where by early afternoon the Dow Jones Industrial Average was numbed

industrial Average was quoted above 2.580. The recent sharp decline in Both the Bank of Japan and the Federal Reserve Bank of New York tried to prop up the yen during yesterday by sell-ing dollars. The Japanese cen-

PLUNGE BLAMED ON COMPUTER-DRIVEN DEALING ● GOVERNMENT BOND MARKET TURMOIL ● MINISTRY HOLDS TALKS

4; Lex, Page 26; Market reports, Second Section tral bank bought yen worth \$2bn in the market, but in

Tokyo the Japanese currency closed Y2.18 lower against the dollar at Y148.68.

The Japanese Ministry of Finance was more successful in supporting government bond prices by buying an estimated Y100bn, for the third time in a week. This brought the yield on the benchmark 119th issue bond down from its bigh of the day of 700 per cent high of the day of 7.01 per cent to 6.86 per cent at the close, against 6.895 per cent on Fri-

The central bank and the ministry are still at logger-heads over the bank's desire to raise the official discount rate. Markets crisis in Tokyo, Page

### **Sure-fire** winner takes a nosedive

By Robert Thomson in Tokyo

IN the land of the door-to-door stock salesman and of invest-ment advice that has the ring of the racing tip, the sure thing that was the Tokyo Stock Exchange has suddenly become a loser or, at best, a 50-50 chance.

Each day, small investors crowd into Tokyo's 3,000 stock shops, firm in the belief that even a bad investment will make money and that a good investment will make more

money.
Yesterday, as the market nosedived, it was a return to the belief that money shouldn't come easy, for older Japanese, who have known a humiliating

poverty.

Three times a day, five days a week, Mr Toshimitsu Fukaya, 79, sits passively in a stockbroker's office tracing the fate of his more-than-modest share holdings on an electronic scoreboard that was yesterday flashing unwelcome signals.

Like most Japanese punters, Mr Fukaya, a semi-retired con-sultant for a cement company, has presumed that the Tokyo market goes only one way: up. Yet he saw a certain justice in the sharp falls of the past week

and the plunge yesterday.

"The boom of the past five years has become a big bubble. It has not come from the strength of Japanese industry. It has come from a lot of speculation. The level of about five years ago was the real level," said Mr Fukaya, who has about Y20m (\$137,000) invested in

After the Second World War, when US occupation forces dis-mantled the "zaibatsu," the huge industrial combines, individuals held 69 per cent of stock. But as corporate crossholdings have again buffered the ownership of the great con-glomerates, the small investor has been crowded out. Individuals now hold about

22.4 per cent of shares by volume on Japanese exchanges, with financial institutions and general companies taking 78 per cent and foreigners 4.6 per cent. Some small investors blame the exchange's newfound volatility on the declin-ing influence of the individual. A 60-year-old man - "call me Mr Yamada" - watching the boards at another broker's office, said Japanese compa-

nies had been "making too Continued on Page 26

# to Japan in 1988. As investors sold equities in response to a sharp drop in the Japanese yen and turmoil in the Ministry of Finance had **Bush may lead** world drive to aid Nicaragua

By Michiyo Nakamoto and Stefan Wagstyl in Tokyo

Nikkel average (\*000)

Oct 87 1988

RESTRICTIONS on arbitrage

trading were imposed yester-day by the Tokyo Stock

Exchange after claims that computerised programme trad-ing between the futures and cash markets had contributed to the biggest fall in Tokyo

equities since the crash of

October 1987.

The Japanese stock market plunge, which pushed share values down by 4.5 per cent yesterday for a loss of 11.5 per cent over the past week, is likely to lead to an investigation of the role of computer-driven programme equity trading linked to stock index futures which was introduced.

futures which was introduced

October 1987.

By Tim Coone in Managua and Lionel Barber in Washington

US PRESIDENT George Bush yesterday welcomed the sur-prise landslide victory of Mrs Violeta-Barrios de Chamorro, candidate of UNO, the US-backed opposition alliance, in Nicaragua's presidential elec-

Mr Bush signalled that the Mr Bush signalled that the US was prepared to lift economic senctions against Niceragus in the wake of the alliance's victory in the congressional elections which ends 11 years of rule by the left-wing Sandinista party (PKI.N).

Contras in a proxy war simed at unseating the left-wing gov-

The new government will take office on April 25. The results indicate that the

FSLN vote suffered as much as a 20 per cent swing to the oppo-sition in comparison to the elections held in 1984, and that voter turnout was more than 90 per cent.

It will not be clear until the final results are announced, whether UNO will hold that two-thirds majority in the Assembly necessary to allow it make the constitutional changes UNO leaders have said they want to carry out.

Mrs Chamorro's victory caught the Bush Administration off guard and officials were yesterday scrambling to produce new plans for a large aid package for Nicaragus where the economy has been devastated by a 10-year civil

Mr Bush called for a pesceful transition to democratic rule and said there was no reason for further fighting between Contra rebels and the Sandinista Government. In the US Congress yesterday, support for large US assistance mounted.

Continued on Page 36 Lady inherits keys to a tropical ruin Page 6; Sandinis lose hunger vote, Page 24



Mrs Chemotro and vice-president elect Virgilio Goday (right) celebrate the alliance's election win.

of the Somoza dictatorship in

The assassination of such a prominent person seeking a decent democratic alternative

### A woman to rewrite history

January 1978.

By Robert Graham, Latin America Editor -

LATIN America knows few gunned down by the henchmen female heroes and only two previous women as national leaders. Mrs Violeta Chamorro is set to change history: she will be the first female presi-dent in Central America.

However, she owes this to that she stands for rather than her own career. Mrs Chamorro was chosen as a compro-mise candidate to head the 11party opposition coalition, National Opposition Union (UNO), last year because of her late husband, Pedro Joaquin Chamorro. A prominent con-servative figure and editor of the family newspaper, La Prensa, Pedro Joaquin was

to Somoza elevated Pedro Joa-quim to virtual martyrdom. Having always been in his Having always been in his shadow, Mrs Chamorro assumed his mantle in her widowhood. "My life began with my husband. My life with him was my university and my

was my university and my knowledge to be where I am today in Nicaragua", she told the Financial Times in an interview after agreeing to run The Chamorro mantle is 2 Continued on Page 26

formidable one, the family being the best-known name in Nicaragua associated with the country's at almost every turn since they arrived in the New World from Seville in the One of her sons is a former

of the Sandinista newspaper, Barricada; while her broth-er-in-law left La Prensa over a disagreement after the Revolu-tion to edit the pro-Govern-ment, Nuevo Diario. The 61-year-old Mrs Chamorro's first venture into poli-tics was in 1979 when she

# Rover agrees two-hour cut in working week for manual staff

BAe, already facing demands

to compensate its consortium partners, is under intense pres-

By Michael Smith, Labour Correspondent, in London

ROVER GROUP yesterday became the first volume car producer in the UK to agree a 87-hour working week for manusl employees. The two hour cut will increase significantly the pressure on other UK engineering employers, particu-larly those in the motor indus-

try, to concede a shorter working week
Yesterday's offer came as talks for hours cuts at the Preston and Chester plants of British Aerospace, Rover's parent company, moved closer to

Rover's offer to 30,000 manual employees stems from its desire to become the first UK car producer to introduce round-the-clock shift working on assembly lines. The unions had made clear that they would not agree to this before next November's pay talks, unless cuts in hours were

Both BAe's and Rover's fac-

tories have been closed by strikes for 17 weeks, severely

curtailing production at Airbus Industrie, the aircraft consor-tium of which BAe is a part.

sure to reach outline agreements with the unions before next Friday's Airbus supervisory board meeting.
At Preston, union representatives agreed to recommend a revised offer for a 37-hour week. A mass meeting is likely later this week or early next week. The Chester negotiators

are also thought to be close to Since UK engineering unions began a national strikes campaign for shorter working weeks last October, less than 50 companies have agreed to

50 companies have agreed to hours cuits. Both Ford and Vauxhall, the General Motors substidiary, resisted union calls for shorter working weeks in recent pay negotiations.

Union leaders at Ford yesterday called for immediate talks on the issue, emphasising that the company's reasoning for the company's reasoning for resisting an hours reduction was that a cut would put it out of step with competitors.

Ford and Vauxhall have both

agreed to talks on a shorter

MARKETS

working week. However, unions at Vauxhall said yesterday that they would be press-ing for hours cuts before the company's target date of next

January.

Mr Bill Jordan, president of the AEU engineering union, said yesterday that the Rover deal would have implications for thousands of motor compo-

pent suppliers. Mr Norman Haslam, Rover's personnel director, said a 37hour week was coming anyway throughout British industry. However, the company insisted the cut must be achieved without affecting capacity and without increasing unit labour

Detailed arrangements of how the cuts will be financed will be discussed next month before being taken to national negotiators. A one-hour cut will be implemented when any agreement is signed and a fur-ther hour reduction will follow

At BAe's Preston plant, the revised offer is thought to include a one-off payment of £650 to white collar workers.

# Finding your way is no easy task...or is it?

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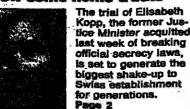
In Touch with Tomorrow TOSHIBA

World Trades Baltic republics look back in | Kopp affair forces Swiss to history for inspiration ..... .13-17 Greece: Survey .... Stock Markets A Grand Vision of the way to leave the maze .... Management Training: Home-grown skills

Editorial Comment: Retreat of Ideology; Halfmergers in Europe .... Company Failures: Barring the doors to the temple of doom ..... Agricultures African bush under the glare of

arc lights ... 2.3 Britain 18.12
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### swallow some home truths The trial of Elisabeth Koop, the former Jus-



Inti. Capital Markets ..... Letters \_\_\_\_\_

official secrecy laws, is set to generate the biggest shake-up to Swiss establishment

\$410.8 London: \$411.25 (416) M SEA OIL (Argus) Brent 15-day Apr \$19.4 (+0,125) Stock Markets -London ----

New York DM1.8928 \$1,893 (1,709) DM2,86 (2,8675) FF19,685 (9,7126) SF12,5175 (2,525) SFr1,4915 DM1,69 (1,678) FFr5.72 (5,6825) Y252 (251,25) £ index 90.1 (90.2) SFr1.4865 (1.477) Y148.8 (146.95) New York: Comex Apr \$ Index 87.6 (67.1) US Lunchtime Rat Fed Funds 814%

DOLLAR

Tokyo close: Y148.65 3-mo Treesury yield: 7.955% Long Bond: 9933 yield: 8.52%

2,585.14 (+20.95) SAP Comp 326.66 (+2.51) Tokyo: Niikkei 33,321.87 (~1,569.1) LONDON MONEY closing 1532% (same) Life long gitt future: 85§ (85%)

STOCK INDICES

FT-SE 100: 2,249.3 (+12.6)

1,778.1 (+13.8)

1,118.85 (+0.4%)

New York lunch

DJ Ind. Av.

FT-A All Share

FT Ordinary:

### **EUROPEAN NEWS**

# Kopp affair forces Swiss to swallow some unpalatable truths

William Dullforce on a case which is set to generate a big shake-up in the country's political and business establishment

Kopp, the former Justice Minister acquitted last week of breaking official secrecy laws by supreme court judges, mirrors more than the moral and political tragedy of Switzerland's first woman cabinet

The "Kopp affair" is set to generate the biggest shake-up in the Swiss political and business establishment for several generations.

It has revealed the dark under-belly of the democratic, economi-cally liberal system which enabled a small confederation of 26 cantons to make its hard-working citizens the most prosperous in Europe in the post-war era. Future historians are likely to couple it with the national referendum last November, in which more than 35 per cent of the Swiss voted to abolish their militia army, as signposting a break with the past in Swiss political life.

in Swiss political life.

Mrs Kopp's acquittal has divided public and political opinion. Her judges gave her the benefit of the doubt. They found that the prosecution had not proved that, when she warned her husband by telephone of a money laundering probe, she had known that the information given to her originated within her ministry. Many Swiss bankers, businessmen

By William Dawkins in Paris

POLAND WILL this week join

Eutelsat, the pan-European sat-

ellite operator, the first nation to join since its foundation in

its present form by 26 coun-

European readiness to boost

the transfer of technology to the east bloc. It comes 10 days

after western allies reached a

separate agreement in princi-ple - subject to a final accord on details - to ease strategic

trade curbs on sales of telecom-

munications equipment, micro-

computers and sophisticated machine tools, to the east bloc

Warsaw is planning to lease transponders on two of Eutal-

sat's four satellites to provide

better telephone links with 18

European countries. The Polish

earth station required is expec-

Other eastern European

countries are also queuing to join. The Paris-based organisa-

tion aims to decide its response

ted to open next year.

and China

The deal is the latest sign of

Poland to join European

satellite organisation

and centre and right-wing politicians feel that Mrs Kopp's political downfall — she was forced to resign in January last year — was punishment enough for a relatively venal fault. For others, including Mr Helmut Hubacher, leader of the Socialist Party which forms part of the governing coalition, the judges' verdict, condemning Mrs Kopp's personal assistant but without imposing any repairs showed that not grary any penalty, showed that not every

Swiss was equal before the law. However, most Swiss are much more concerned about the disclosures which the Kopp affair has brought to light of how their confed-eration has been run. These disclosures follow three interwoven

First there is the laundering through Swiss bank and companies of "dirty money" from the international drugs traffic.

The Kopp affair originated with the seizure of a Turkish lorry carry-

ing heroin by police in the canton of Ticino. The investigating magistrate arrested two brothers who, he charged, had been regularly laundering money for the drugs mafia in Switzerland. The investigator's attention focused on a company in Zurich, of which Mrs Kopp's husband was vice-president. Many Swiss are seriously concerned about the disclosures which the Kopp affair has brought to light about how their confederation has been run

Swiss bankers and officials claim that Switzerland is not exceptional as a centre for money laundering. But not a few Swiss learnt for the first time how easy it is to bring banknotes into Switzerland for conversion into other currencies or for

deposit.

The second strand in the skein is the secrecy underpinning Swiss administrative, banking and com-mercial practice. By Swiss law, based on an individual's right to privacy, a breach of secrecy is a crimi-nal act. This has for long been an important advantage for Swiss bank-

ing in attracting foreign wealth. But the Kopp case has uncovered an aspect of Swiss secrecy which has disconcerted many of its own citizens. The parliamentary commission of inquiry prompted by the affair revealed in its report that the federal police — attached to the federal pub-

lic prosecutor's office — held 900,000 secret security files, covering some 200,000 Swiss citizens as well as foreigners and various organisations.

More secret files were uncovered after the commission had written its report. These were concerned with so-called extremists; potential sabo-teurs; federal officials deemed to be untrustworthy; terrorists; people who had militated in favour of a separate canton of Jura in the 1960s and 1970s; and a list of Swiss citizens that travelled to eastern Europe or had contacts there.

As the Kopp trial was about to start, the personal enquiries of a Socialist party member led to the discovery of further files in the Defence Ministry on potential trators and saboteurs within the militia army and a security register which Mr Kaspar Villiger, the Defence Min-ister, acknowledged contained 200-300 files of "sensitive" data on individuals.

Some files date back to the 1950s and have not been kept up to date for 10 years or more. They were started in an anti-Communist coldwar climate quite alien to that now prevailing in Europe. But all were unbroader to the public the parties. unknown to the public, the parlia-ment and to the Government – at least to its present members.

The third strand in the skein is the revelation of the existence of a body of army and civil administrative officials which has apparently been able to collect information for and maintain the secret files without

any democratic control. People have been shocked rather than appeased by disclaimers from federal cabinet ministers that they knew of the existence of the files. Mr Arnold Koller, current President of the Confederation and Mrs Kopp's successor in the Justice Ministry, confessed that he did know whether to laugh or cry, as one disclosure

followed another.
Public and media reaction has been extremely fierce by normal Swiss standards. "Big Brother in the landscape of Heidi," one commentator wrote. Some political groups have formed a committee "to get rid of the snooper-state".

The three bourgeois political par-ties - Radicals (conservative), Christian Democrats, and Swiss People's Party (liberal) — which have formed the ruling coalition with the Socialists for the past 40 years are bending but not breaking

eneath the storm. Changes are inevitable. The federal prosecutor was dismissed soon after Mrs Kopp resigned. The federal police chief, who also acted as head of army security, was sent on leave this month. Most of the files are being opened to public scrutiny. A bill against money laundering should pass parliament by the summer. Plans are under way to stream-line the militia. The Government

line the militia. The Government promises legislation to restrict and ensure parliamentary control over the activities of the security police.

These measures come as Switzerland is gradually responding to external pressures, notably from the creation of the European Community's single market, which are forcing it to revise fiscal controls and cartely it to revise fiscal controls and carte arrangements, open company shares to foreign investors and possibly—depending on the final deal struck between the EC and the six countries in the European Free Trade Association—trim the jealously

guarded powers of its cantons. Swiss bankers and businessma fully aware of the damage being done abroad to the confederation's image for stability, badly want pub-lic confidence to be restored and are looking to the federal Government for decisive action. But most of them acknowledge that Switzerland is inexorably moving towards more open political and corporate struc-tures.



### Carlsson back as premier

SWEDEN'S Parliament reappointed Mr Ingvar Caris-son, the Social Democratic leader, as Prime Minister yes-terday, only H days after his minority Government resigned over a controversial economic package, Renter reports from Stockhalm.

The vote was 175 in favour of Mr Carleson, with 101 against and 59 abstentions. Fourteen of the assembly's 349 members

were absent.
Mr Carlsson's own party and
its traditional Communist Party ally supported the acting Prime Minister. The opposition Conservative and Liberal par-ties youed against him, while the Centre and Green parties abstained.

Mr Carisson, 55, who became Prime Minister after Mr Olof Palme was assassinated in Feb-ruary 1986, will head a new minority Government and is due to present his cabinet

today. Mr Carisson resigned earlier after the Communist Party joined the centre-right opposi-tion in rejecting a proposed ban on strikes and wage rises parts of an economic pack-age designed to tackle labour

unrest and spiralling wages.

The proposals were dropped in a revised plan announced last week which included a freeze on prices and rents and appointment of a national mediator between unions and employers who will try to hammer out restrained wage rises for this year and next.

We are satisfied that the Government has scrapped its anti-union proposals," Mr Lars Werner, the Communist Party leader, told parliament.

to an application from Romania in May or June, while Hungary and Czechoslovakia are expected to apply shortly, say Eutelsat officials. Bulgaria is also understood to be consid-ceing on emplication

Mr Jean Grenier, Eutelear's director general, said the accord, to be signed at the satellite organisation's headquar-ters on Thursday, was its first response to the sweeping changes taking place in eastern Europe.
Poland will be the second

east European member of the organisation, which has always been open to any member of the European Broadcasting Union Yngoslavia has been in Eutelsat since 1985.

To cope with the growing demands on its capacity, Eutel-sat plans to launch two more satellites this year, barring delays caused by the inquiry into the recent explosion of an Ariane rocket, Eutelsat's main launch vehicle.

ering an application.

### Jobs to go in Norwegian banks merger

TWO NORWEGIAN banks, merging from April to form nerging from April to form
Norway's biggest financial
institution, said yesterday
they were reducing their combined workforce of 8,000 by
1,190-1,200 as part of a costcutting drive, Reuter reports
from Oslo.

Den Norske Creditbank and
Reven Rank which will

Bergen Bank, which will become Den Norske Bank, reported improved results for 1989 last week even though they both showed heavier es on bad loans than in the

previous year. The banks said they would the banks said may would cut 700 staff in Norway and 400-500 abroad as part of their drive to trim costs by NKr500m-Nkr750m (245.5m-£68.2m) by 1991.

Several banks in Scanding via have announced mergers in recent months, partly to prepare for stiff competition from the European Community as Nordic nations reduce barriers to financial trading.

# EC treat in store for Dutch retailers

By Maggle Urry

DUTCH RETAILERS are best placed to benefit from the sin-gle European market. The Por-tuguese retail market is one of the most backward in Western Europe, but is becoming more dynamic. West Germany could be the most profitable retail market in Europe.

market in Europe.

These are some of the findings of a series of 15 country-by-country reports on retailing in Western Europe, written by Corporate Intelligence Group, the UK-based research firm. Corporate Intelligence found there was a need for more information about European retail markets as retailers are now looking to expand over-seas, some of them feeling hemmed in by the maturity of their domestic markets.

In response it produced the 15 reports, which cover the social, economic and political background to each country's retail market, examine the structure of retailing and pro-file the leading stores groups.

They look at existing cross-border investments and assess the prospects for more.

French retailers, for instance, are at the foreignt of foreign retailers taking advantage of Spain's buoyant retail market. But Greece might be difficult for outside stores groups to penetrate, since groups to penetrate, since and Luzembourg in one volutely un-European", the lutely un-European", the report on Greece says. The total West European

ume. From Corporate Intelli-gence Group Research Publica-tions, 51 Doughty Street. London WCIN 2LS.

# Finnish bank strike close to settlement

By Enrique Tessieri in Helsinki

FINLAND'S four-week-old bank strike looked close to res-olution yesterday as Mr Pauli Salmio, chairman of the Finnish Banking Employees' Union (FBEU), said his union was ready to reduce its wage demand to 8.5 per cent. The 30,000-strong union on Sunday rejected a 7.2 per cent

offer from Mr Jorma Reini, the national mediator.

However, Mr Simo Leivo, the FBEU's chief negotiator, said:

We believe that the bank strike won't last more than two weeks longer and could even be resolved in a week."

The strike has put strains on state-owned Postipankki, the

doors open during the dispute. Because of long quenes, its branch offices have been

forced to close their doors for one or two hours a day.

A week ago Postipankki refused to open new accounts, which have risen by 40,000 dur-ing the strike. It has also

only Finnish bank to keep its

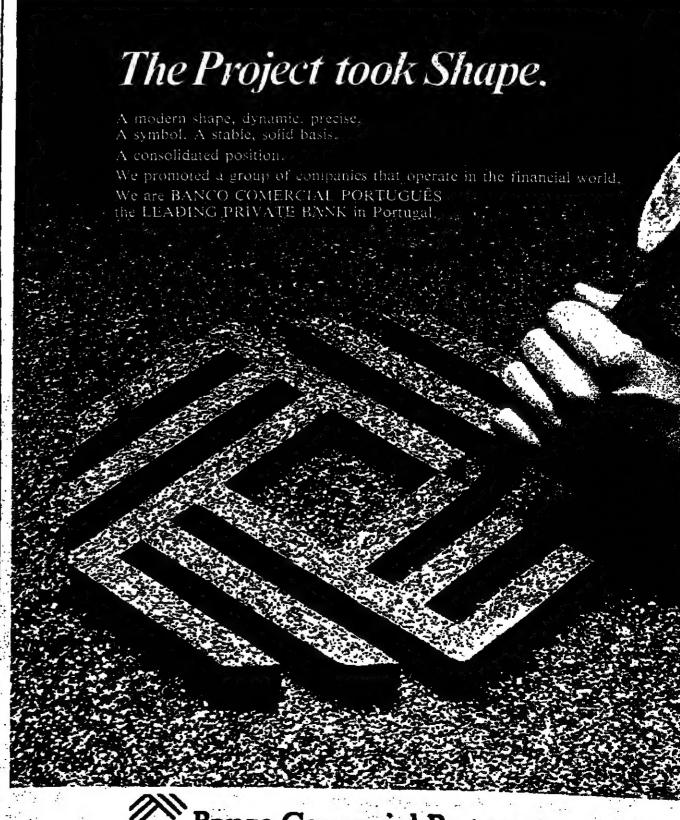
refused to make penalon payments for non-clients.

Analysts believe that the strike has not affected large corporations, since most of them had long-standing accounts with Postipankki.

However, numerous small Finnish companies have been facing liquidity problems.



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# Moscow tells Havel troops will go by July next year

THE FIRST trainloads of Soviet soldiers began leaving Czechoslovakia yesterday as President Vaclav Havel arrived in Moscow and finalised arrangements for their com-plete withdrawal

The Soviet Union had agreed formally to pull all its 73,500 troops out of Czechoslovakia by July 1 next year, he said yesterday. Mr Havel, a former dissident

playwright who was persecuted by Communist authorities after the 1968 Warsaw Pact invasion and denounced only last year by the official Soviet media as an enemy of social-ism, was greeted with full hon-ours by Mr Anatoly Lukyanov,

premier

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the Soviet Vice President.
After a wreath-laying ceremony he went on to talks with
President Mikhail Gorbachev. Mr Havel, who met US President George Bush in Washing-ton last week, reached agree-ment on a deal for the final Moscow visit. withdrawal of Soviet troops from Czechoslovakia in three stages by the middle of next

year.
Under the agreement, initialled by deputy foreign ministers last week, most of the troops will leave by the end of next May.
The first two trainloads of units from the 31st Tank Division left Frenstat, near the Polish border, vesterday.

ish border, yesterday.

A Soviet band played as the trains pulled out, but only small groups of locals watched the beginning of the end of 22 years of Soviet military presence.

ence. The withdrawal had long been planned as part of Mr Gorbachev's offers to remove troops from eastern Europe.

The second phase of the pull-out will last until December, and the third will complete the operation by July

Czechoslovakia's coalition Government originally demanded that all troops leave by the end of this year, but Mr Havel told the US Congress last week that the most important thing was that as many as possible leave before the elec-tions in June.

The official Soviet media,

reflecting Soviet concern to maintain good relations with governments which have recently replaced old-style Communist administrations, have given Mr Havel's visit the build-up reserved for any visit-ing leader.

# Opposition tops

THE CAMPAIGN for next month's Hungarian elections gets properly under way this week with the radical opposition Alliance of Free Democrats surging ahead in the latest opinion poll, writes Micholas Denton.

With the support of 25 per cent of decided voters, the Free Democrats have overtaken their main rivals, the conservative Hungarian Democratic Forum, with 20 per cent. Also

will dominate parliament.

The ruling Socialist Party is already realgned to a poor result on March 25. Yesterday's poll showed its likely vote at around 10 per cent.

# market, such alliances can

WEST German companies should invite other West Euro-pean companies to participate

pean companies to participate in joint ventures in East Germany to help reduce fears of an over-mighty German economy, according to one of West Germany's most internationally respected business leaders.

Mr Detlev Rohwedder, head of the steel group Hoesch and a former Social Democratic state secretary in the Economics secretary in the Economics Ministry, said that it was important for West Germans not to monopolise the opening (\$119m). Mr Rohwedder has also

not to monopolise the opening up of East Germany which could lead to mistrust especially in France and Britain.

Some East German business leaders, fearful of being gobbled up by West Germany, have also stressed their special interest in alliances with other Western countries. As well as access to the East Germany.

By Tim Dickson in Brussels

NEW rules designed to

guarantee the safety of plastics used in the preparation and packaging of food products have been approved by the European Community.

The directive, seen in Brussle seem in prospers to a

ary 1 1993, will effectively be

banned for commercial use

By David Goodhart in Bonn

often provide access to other Eastern European or Soviet markets, say East German

join ventures in East Germany

Western companies urged to

Dosses.

Dortmund-based Hoesch is planning to increase its business with East Germany by about 25 per cent in the current year, and has opened joint venture talks with Eisenhuetten Kombinat. Last year it did business valued at Dm200m

added his voice to those warning against an over-hasty cur-rency union between the two

German states.

He said that such a move could hasten, rather than prevent, the much feared collapse of the East German economy as most businesses would immediately become uncom-

EC approves food wrap rules

He proposes instead a fixed exchange rate between the West and East German marks which could act as a "protec-tive shield" for the East Ger-

1948.

Mr Heinz Warzecha, the head of one of East Germany's best-known machine tool companies, the October 7 Kombinat based in East Berlin, has said that be may liquidate his own job as he breaks up the Kombinat into its 16 constituent businesses over the year. ent businesses over the year.

• West Germany's national airline Lufthansa said yesterday it was discussing taking a minority stake in Interfug,

increasingly requires food

products that are of good quality and safe." The new EC legislation is a so-called application directive stemming from a "framework" directive on materials and objects coming

into contact with food, first proposed by Brussels in the

1985 Internal Market White

Paper and approved by mem-ber states last year.

The new rules on plastics fol-

low close consultation with industrial and consumer organ-isations and have been approved by member state rep-resentatives in the EC's Stand-

ing Committee on Foodstuffs. It is nevertheless notable that

this is the first important instance of the Commission

using its delegated powers in the food area.

### man economy as it reforms. He points to the example of the fixed conversion rate between the D-Mark and the US dollar for many years after the West German currency reform of

than 16 tonnes, and Renault 27,000. Daimler made 49,000.

The two companies together account for 21 per cent of the 1988 turnover in the light truck market (more than 3.5 tonnes) in second place to Mercedes Benz, which had 24.8 per cent.

The inquiry will further complicate the dispute between the Commission and Renault over FFr12bn (£1.2bn) of allegedly illegal state ald granted to

edly illegal state aid granted to the company in 1988. The Com-mission is studying a proposal by Renault, in which the com-pany suggests that about a quarter of the aid be repaid. The Commission has argued that the two conditions under

effects of Volvo, Renault alliance

By Lucy Kellaway in Brussela

**Brussels to study** 

THE European Commission is to examine the competitive effects of the tie-up between Volvo and Renault, and expects to receive full details of the alliance from both companies later this week.

Its investigation will focus on the truck market, where both companies are strongly placed. The potential effects on the European car market, of which Volvo has only 2 per cent, are thought to be negligi-

According to industry figures, the combined output of Volvo and Renault in heavy trucks would be the higgest in Western Europe, leaving Daim-ler-Benz second. In 1988, Volvo produced 34,000 trucks of more than 16 tonnes, and Renault

that the two conditions under which the aid was originally granted – that the company change its "régie" status, and cut capacity – have not been met. Even though there are no signs that the Volvo/Renault deal will result in any cut in capacity, the deal will require capacity, the deal will require the company to change - so it is not longer automatically protected from bankruptcy. An official said yesterday

European research ministers yesterday risked a clash with the European Parlia-ment by refusing to raise the research budget for the next five years, Lucy Kellaway

In December, member states agreed to spend Ecu 5.7bn on research for 1990/94 - Ecu 2bn below the Commission's suggestion and 2.5bn less than parliament recommended. Parliament has said the amount is too low and demanded an extra Ecu 200m minimum.

Mr Michael Smith, Irish research minister, said no more money would be offered, and gave Parliament up to three weeks to approve the plans. To go ahead without approval would be sensitive. tive, when Parliament feels its views are not sufficiently

that the Commission would seek to keep the two inquiries separate, as the Renault inves-tigation related to actions in the past, and was therefore not changed by the Volvo alliance. Talks with the French government were continuing, and a decision could be expected by end-March.

The new inquiry will add to the work-load of the car experts in the competition department, thought to be about two weeks away from a decision on aid granted to Brit-ish Aerospace for the purchase

of Rover.

Although the two cases are separate, there is a powerful political link between them, and the Commission will want to be seen to be even-handed in its judgments.

### Genscher takes issue with Thatcher on unification

By David Goodhart in Bonn

THE BONN Government yesterday disagreed forcefully with Mrs Margaret Thatcher over the process of reunifica-tion when Mr Hans-Dietrich Genscher, the foreign minister, contradicted the British prime minister's claim that East Germany could not automatically step into the EC as part of a united Germany.

Mr Genscher said no alter-ation to the EC treaty would be needed after unification of the two German states and claimed that Mr Jacques Delors, the EC president, supported this view.

Meanwhile, pressure is grow-ing on Chancelior Helmut Kohl to accept once and for all the current German-Polish border. There had been some expec-tation that he would finally put to rest all fears over German claims on Polish territories during his weekend visit

to the US. His failure to do so has released a wave of interna-tional criticism. Poland yester-day expressed disappointment at Mr Kohl's failure to go further on the border issue. Mr Kohl maintains that West Mr Kohl maintains that West Germany has no territorial claims but that he is not legally entitled to speak for a united Germany. Some observers believe that Mr Kohl also fears losing right-wing voters through premature confirmation of the existing borders under international pressure.

# **Hungarian poll**

Forum, with 20 per cent. Also running strongly is a Free Democrats ally, the Smallholders Party, particularly popular in the countryside. On present showings these three parties will downing a perferent.

manufacturers must first provide relevant toxicological and technological data so the independent Scientific Committee for Food (SCF) can assess if the material poses any risk to human health, particularly

sels as an important step to a single market in food, is based on the "positive list" principle and means that those materi-als not admitted to it by Janulong-term.

A Commission official pointed out last night that as matters stand, well over half the plastics materials currently permitted by national authorities have not yet been vetted by this committee — and that information provided has often been "insufficient" for a final thereafter.

All plastics which come into contact with food products are covered by the legislation, including packaging such as drinks containers and cling-film, kitchen utensils such as pots and plates, and production equipment like siphons.

To win EC authorisation, decision. Industry was there-fore under growing time pres-sure to submit supplementary

data to meet the 1993 deadline. The Commission stressed yesterday that "in the 1990s the European consumer

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# Little agit and not much prop on the Moscow campaign trail

sian translation of "pub-licity stunt." But Mr Igor Lobzin, an electoral officer in a Moscow suburb, understood the Western concept well enough when the example of Mr Ken Livingstone riding an

Mr Ken Livingstone riding an elephant was put to him.
"We've not had elephants, but last year one candidate hired a moint vehicle covered it with pictures of himself and drove around the district advertising himself and his platform." he said dissurrove

gly. What might be the norm in a British election campaign is virtually an outrage in a Moscow suburb. For most candidates in the elections on March 4 to the district, city and Russian Republic soviets and kinsaan kepunic sivies. (councils) – voters tick off bal-lot papers for all three at once – campaigning is achieved on slender means under tight

restrictions.
Furthermore, years of uncontested elections under Communist Party supervision have rather killed the hustings spirit. In the Moscow dormitory suburb of Babushkaya, where 270,000 voters live – almost exclusively in 16-stores. most exclusively in 16-storey apariment buildings - there is not a rosette in sight, not even

For Mr Alexander Strogalov, a chain-smoking 35-year-old mathematician and non-Party mathematician and non-rary candidate for the Moscow city council, his campaign consists entirely of addressing small meetings with constituents who can be bothered to come out on the cold evenings, and trying to disseminate his manifesto, typed neatly on one festo, typed neatly on one sheet of AA paper. It calls for more freedom of information and a greater divorce of powers

and a greater divorce of powers between the party and state. Every candidate is obliged to hold at least one meeting, under electoral laws tightly enforced by the region's elec-toral commission. Most hold as many as they can, since it is virtually their only chance of getting their programme

scross.

Spreading political leaflets is more difficult, as Mr Strogalov wearily explains. Holding up the thick booklet of election laws, he says they allow him, in theory, to reproduce as

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The state lends a dead hand of assistance to those seeking office in Russian local elections, writes Mark Nicholson

many copies as he wishes. They also say that his supporters, fellow-workers and those who nominated him to run, are all entitled to "agitate" on his

But having leaflets printed is almost impossible, since printers are mostly state enter-prises, which are forbidden by the law to offer material sup-port for any candidate—on grounds of fairness to all. Nor can enterprises underwrite photocopying expenses. Sup-porters and fellow workers can agitate all they like, but can offer no material help either. When he asked the election

commission for help, they told him he was free to finance copying or printing himself, but must then also pay for the printing of each of his rivals manifestos; otherwise he would

"Why on earth should I do that?" Mr Strogalov asks with

inai? Mr Strogalov asks with a sigh.

His case is typical, although some candidates, either through influence or acumen in exploiting legal loopholes, do seem to manage to circulate some leaflets and even primitive felt-tip pen posters.

At the electoral commission, though, Mr Lohzin is unrepentant about this heavy even-handedness. The commission exists, he says, to ensure fairness and equal opportunity for all candidates: if all the candidates in a constituency make a dates in a constituency make a united approach, the commis-sion may consent to pay for each of their leaflets to be

Should that not be the norm? "We are still studying these types of things," he explains. Candidates consider the com-mission lays a dead hand on an already difficult campaigning process. The only official infor-mation it disseminates are standard posters for each constituency, comprising small photographs of each candidate above about 50 lines of biographical detail; marital status.

No "agitation or propa-ganda" – political information – is allowed. The posters went ip in Moscow apartment blocks and workplaces just 11 days before polling.

A recent contributor to

A recent contributor to Moscow News, the weekly newspaper, beneating the late appearance and general unhalpeneness of these very posters, complained: The current election campaign in the Russian Federation is remark-

dates and the almost total news blackout on them." Mr Stepan Yefremov, an owl-ish 64-year-old Party candidate for the regional council, says he will be lucky if 5 per cent of his ward's 2,000 electorate have heard of him by polling day. To remedy this, he has decided to take the unprecedented step of

ing.
In part, he says, candidates are themselves to blame for the rudimentary state of campaigning, deadened as they are by long traditions of election by party-managed rote. Even today, he adds, complacent party apparatchiks dislike and, where they have influence, quietly discourage activist campaigning.

paigning.

"There is never any debate during elections," he says. "I would like to challenge my rival candidates directly, and challenge the present council leaders on their policies, but there is nowhere to do it." There are multi-candidate railies, he concedes, but says the electoral commission sees them solely as means to "intro-duce" the candidates, and claims he has seen officials step in to stop exchanges

between them.

The press, he adds, is no help. He blames apathy. Journalists on the local paper tell him there is no space for his or other candidates' views.

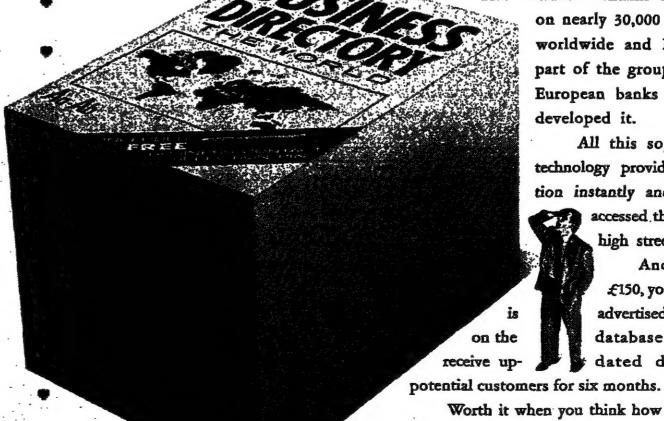
Moscow Pravda, a city-wide

Moscow Pravda, a city-wide newspaper, carries a directory of candidates in every constituency, but it comes in a one-off supplement which costs extra and contains only a few lines of hiographical facts.

Moscow's suburbs are not at the stirring edge of the Soviet Union's political tunuit. There is no blood-coursing talk of sacession to set campaigns alight as in the Baltics, nor has Moscow seen such anti-party revolts as have toppled leaders revolts as have toppled leaders elsewhere in the country. In Babushkaya, a "rally" can typi-cally mean 10 people chatting over coffee and biscuits.

But the auguries for any future multi-party democratic system in Babushkaya are not untypical – nor are they spe-cially promising. At the bureaucratic centre, in the shape of the electoral commis-sion, all is well. "A multi-party system will make no differ-ence," says Mr Lobzin. "The same rules will apply."

The thought prompts a guifaw from Mr Yefremov. "Naturally, there will have to be
great changes," he says. "Of
course, the rules must change,
the voters must change, the YOU CAN RIP THIS UP.



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# Japan Nikkel Average (1000)

# Industry and banks count the cost of slide in prices

THE plunge in the Tokyo stock

market yesterday almost reached the point at which a correction becomes a crash.
"For the first time here, there were signs of panic," said Mr Simon Smithson, a manager at Kleinwort Benson International, an affiliate of the British merchant bank.

At one moment, when the Nikkei index of leading shares was over 2,400 points down, some fund managers began to lose their nerve and started trying to sell stock in earnest. But in the absence of buyers they drew back and the Nikkei index recovered to close nearly 900 points above the day's low

Nevertheless, the market's inability to stop falling after a week of precipitous decline has shaken investors more than anything since the crash of October 1987. With the distinct possibility in mind that the stock market may have further to fall, brokers and bankers are trying to calculate the consequences for Japanese industry and finance.

• The turmoil is already hitting Japanese companies' plans to raise new equity funds, the main source of capital for industry's recent phenomenal expansion. Matsushita Electric Industrial yesterday postponed a planned \$1bn equity warrant bond issue. Other companies are expected to do the same. "Companies have been taking advantage of high share prices to do equity financings, and that will become more difficult," said Mr Noboyuki Ueda, an economist at the Long-Term

But capital spending is not expected to fall, since Japanese industry still wants to invest in research and development, diversification and, above all,

labour saving equipment. Companies will instead have

ings, thereby raising their costs since loans at 67 per cent are more expensive than equity funds at 1 per cent or

Nevertheless, their overall equity ratio has fallen greatly from just over 20 per cent in the 1980s to over 30 per cent last year — so they are well placed to take the strain. The impact on the economy as a whole is expected to be minimal. The annual rate of GNP growth should stay at around 4 per cent for 1990. Fears that the 1987 crash would be a construction of the control would have a severe effect on the US by hitting consumption did not materialise. Japanese individuals have much less of their money invested directly in the stock market than Americans, so the impact on people's savings will be smaller. Consumer spending is therefore not likely to be

As for business confidence, surveys by the Bank of Japan indicated that confidence was already slipping from highs last summer, because of fears of inflation and higher interest rates. The stock market decline, coupled with the simultaneous collapse in bond prices and turnoil in the foreign exchange markets, may increase the sense of unease in the short-term but need not have serious long-term conse-quences, any more than it did in the US.

However, the crisis may increase fears of inflation. Signals from the Bank of Japan that it wanted to raise interest rates helped to precipitate the market's decline. If the central bank is forced to postpone the suggested increase in the Offi-cial Discount Rate because of a risk of pushing the stock mar-ket down further, then it will be unable to curb money sup-ply growth as it wished. Extra

tion.

The plunge in bonds and stocks will hurt Japanese financial companies. Banks are being squeezed by the rise in interest rates which has increased fund-raising costs, especially as they now have to raise some two-thirds of funds at free market raies, compared with less than one third in the early 1980s. Profits are likely to with less than one third in the early 1980s. Profits are likely to be well down. As hig holders of bonds, banks have also suf-fered huge unrealised losses on their portfolios, some will dis-close them in the financial year ending next month, others will carry them over in the hope that prices will recover in the future. Securities houses are likely

to be doubly hit by a decline in earnings from stockbroking and from underwriting curporate fund-raising. The impact of low turnover on the Tokyo Stock Exchange in the past year has been disguised by humans revenile from warrant bumper revenue from warrant bonds. But the downturn in the market will effect warrant bond issues. So brokers will have to rely more on alternative sources on revenue - no-tably broking foreign securities to Japanese investors. Fortunately, big Japanese brokers are sufficiently well-capitalised to cope with even a prolonged downturn in business. Japanese investment in

overseas securities may falter as a result of the shock of the last few days. However, the flow should recover since the proportion of foreign securities in Japanese portfolios is still small – less than 10 per cent of assets for investment trusts, for example. Mr Akira Shimizu, managing director of Nomer Securities Investment Trust Management, said vec-Trust Management, said yes-terday: "Investors now realise that the yen is not a one-way

# Computers get blame for slip of the anchor

WHEN the collapse of Wall Street share prices in October 1987 sent stock markets tum-bling worldwide, Tokyo seemed bling worldwide, Tokyo seemed to stand as an anchor of the international financial system. The role of Chicago's futures markets in promoting the drop in prices became the subject of intense political debate in Washington. In Japan, the lack of such markets to facilitate computer program trading was widely cited as a factor helping

stability.
Since then, Japan has established stock index futures markets – where baskets of stocks are bought and sold for future settlement – and they are now coming under fire for their of the two types of program trading blamed in 1987 for the US crash, one - known as portfolio insurance - has been largely discredited. Nearly operated a great that restfolio everybody agrees that portfolio insurance, a technique which attempted to limit losses on share portfolios as the market was falling, did destabilise the market. But there was no such consensus on stock index arbitrage — now the focus of atten-tion in Tokyo.

Those in it — prominent among them, US securities houses such as Salomon

Brothers - use computers to follow minute price move-ments in both the prices of stock index futures and in the underlying shares trading on the Tokyo Stock Exchange. the Tokyo Stock Exchange. When, as in the last week, futures prices are leading the stock market down, they buy futures contracts and sell the underlying shares. This sometimes makes foreign houses large sellers of shares on the TSE, although they are making counterbalancing buy orders in the futures markets.

Worries shout market vola-

Worries about market volatility had seemed likely to pro-duce new proposals from the Ministry of Finance and the TSE for dealing with the issue.

Yesterday, the exchange asked index arbitrageurs from today to execute trades only at the opening of each morning and afternoon session, like "playing poker with your cards on the table." according to one follower of the market. The issue is sensitive, partly because some believe that for-

eigners are being made conve-nient scapegoats for a Japa-ness problem: the overvaluation of share prices. The activity of Salomon Brothers Asia in the futures market, in particular last week, has been widely rumoured as a factor in the

rimoured as a factor in the price collapse.

Mr Deryck Manghan, Salomon Brothers Asia chairman, said yesterday such talk was "ill-informed gossip not supported by the facts." He said his firm had been a seller of Japanese shares on behalf of foreign clients, but it could hardly refuse to execute the hardly refuse to execute the orders. Selling for its own book

had not been significant. Asked about index arbitrage, he said Salomon had sold 7m shares on Friday when market volume was about 450m shares. The firm executed no index arbitrage orders yesterday.
"We held back but it didn't
make any difference," he said.
After last week's 6.9 per cent

After last week's 6.9 per cent drop, prices were at one point yesterday 7 per cent down on Friday.

In fact, index arbitrage generally was rendered impossible for much of yesterday by the suspension of trading in the two most important futures contracts because of the sharp price falls. The Osaka Stock Exchange's Nikkei 225 intures contracts - the main vehicle for arbitrage - fell the maximum permissible 1200 points, but the maximum decline yesterday in the underlying marterday in the underlying market was double that.

The futures markets have

hour." In the US, this is when all nearby contracts for stock index futures, stock index options and options in individ-ual stocks stop trading and the resolution of outstanding posi-tions sometimes results in unusual stock market movements. One March 8, there will be the nearest Japanese equiv-alent, the last trading day for the March contract on just about all Japanese stock index options and futures exchanges. All outstanding contracts will be settled in cash at opening prices on March 9. There is exchange trading in individual stock options.

One question concerns how much of an overhang of posi-tions there remains in the March contracts. Mr Hiroshi Uchida of the equity research department of CS First Boston in Tokyo said he believed 70-80 per cent of the stocks held for arbitrage purposes had already been liquidated.



# Few clues from Japan's inscrutable brokers

By William Hall in Tokyo

WHEN the Tokyo equity market is which gives an earnings yield of a rising there is no shortage of Japanese shade below 2 per cent. Meanwhile the brokerage firms ready to give out their yield on the long-term bond index is 6.7 latest bullish message. But when it is per cent.

Before the October 1987 crash the gap the grade control of the order is percentage points.

falling, the telephone calls suddenly case, and convincing explanations as to why the market is going down, as opposed to up, are hard to find.

Mr Takatoshi Okuyama, head of investment advice at Daiwa Securities, Japan's second higgest securities firm, was one of the few people to be found yesterday willing to respond to the sorts of questions any normal Western fund manager might want to ask. Nomura Securities cancelled a lone Nomura Securities cancelled a long planned meeting and even Mr Okuyana was in a bit of a hurry to get back to the screens in his office. It was 10am and the Nikkei had fallen by over 900 points in the first hour of trading.

"Since the early part of this year we have been a bit nervous," admitted Mr Okuyana. There is no commonly

Okuyama. There is no commonly or of the figures the market's price earnings multiple is anywhere between 15 anywhere 15

One of Mr Okuyama's favourite tools for valuing the Japanese stock market is calculated by tracking the relation-ship between the yield on the long-term bond index and the earnings yield on the Nikkei 225. Daiwa is forecasting that the average Nikkel stock will earn

yield on the long-term bond index is s. per cent.

Before the October 1987 crash the gap had widened to over 5 percentage points and even after the latest setback the gap is still an above average 4.7 percentage points. However, the figures look less depressing if the earnings yield on the Nikket is calculated as a percentage of the long bond yield. As percentage of the long bond yield. As long as it is around 30 per cent, as it is now, then Mr Okuyama says he can be reasonably confident that equities are

However, for every reasonably optimistic Japanese investment manager it is possible to find half a dozen foreigners who can come up with far more rightening valuation techniques. Mr Stephen Church, head of research at UBS Phillips & Drew's Tokyo office, notes that the average price earnings multiple has almost doubled since 1983. He is not forecasting that they are going to collapse but it is easy to come up with some pretty scary scenarios for inp with some pretty scary scenarios for the Japanese stock market just by fid-dling with the various ratios.

By some calculations the current earnings yield ratio of around 4 is well above average and merely by returning to the more normal 2.7 times, and allow-ing for a further modest rise in bond yields, implies a fall of 39 per cent, or 13,000 points. Theoretical market valu-stions are extremely interest rate sensi-tive" says Kleinwort Benson's Japanese strategist, Mr. Peter Tanker.

Journalist's

murder jolts

THE unsolved murder of a young journalist, Mr Richard de Zoysa, has changed Sri Lanka's political climate. It has

galvanised a dispirited opposi-tion, joited the English-edu-cated middle class and forced the Government on to the defensive on human rights.

The state-owned Daily News surprised its readers yesterday by publishing a front page pro-

test by the International Press Institute to President Rana-singe Premadasa saying the de Zoysa family "suspected the gunner were members of the security forces."

The newspaper was bowing

The newspaper was bowing to public pressure over the affair. Reports have alleged that six men led by a man in police uniform knocked on Mr de Zoysa's door at 3am and dragged him away. His bulletriddled body was found on a beach the next day.

Mrs Sirimavo Bandaranaike, the opposition leader has

the opposition leader, has called nine political parties to a human rights conference

100

Sri Lanka

By Mervyn De Silva

in Colombo

### **OVERSEAS NEWS**

# Australian plan involves big UN role in Cambodia

By John Murray Brown in Jakarta

AUSTRALIA'S peace plan for Cambodia calls for an "enhanced role for the United Nations" and outlines a "minimum timetable" which envisages elections in April 1991. The 150-page report - the

result of an Australian factfinding mission to Cambodia this month – will get its first airing when warring factions start talks today in the Indone-sian capital Jakarta.

The plan, details of which emerged yesterday, draws widely on the UN's Namibian experience, but goes much further than previous UN operations in devolving execu-

tive powers before elections.

The report details the possible costs, which range from \$687m to \$2.1hn for an opera-tion lasting a year with as many as 150,000 UN officials involved. The idea has been endorsed

by the five permanent mem-bers of the UN Security Coun-cil in January, and is likely to be the basis for talks when the Paris International Conference on Cambodia reconvenes, perhaps later this year. The report addresses the

problem of how to run the country pending "free and fair elections." It considers ways to ensure the effectiveness but also impartiality of any interim administration assuming as it says "that almost any aspect could be manipulated to confer some party political advan-

tage."

The plan has still to be agreed by the factions – the Vietnamese-installed govern-ment of Mr Hun Sen and the three-party resistance coali-tion. Mr Nguyen Co Thach, Vietnam's Foreign Minister, yesterday described it as "the basis for negotiations." Presenting the document Mr Gar-eth Evans, the Australian For-eign Minister, said it would be a breakthrough if the parties

agreed.

The plan seeks to avoid the pitfalls of previous talks - the demand of the Khmer Rouge, the largest and most powerful resistance faction, that the dismantled as part of any set-tlement; and Mr Run Sen's own objections to any Khmer Rouge involvement in an

interim administration.
It considers options for UN involvement under six key headings: the structure of the interim government; civil administration; holding of elections; security function; guarantees of Cambodia's sover-eignty, independence and neutrality after a settlement;

and economic reconstruction.

The plan proposes sover-eignty be symbolically vested in a supreme national council. Under one option the council will comprise "prominent Cam-bodians," rather than represen-tatives of the political parties. Under the most expensive option, "the root and branch" plan, UN officials would

replace all Cambodian civil servant from ministers to junior staff involving more than 150,000 UN officials. Referring to the second option — merely to replace the top 500 civil servants the report says "it will be very difficult for the continuity of the government to be ensured without the skills and the local knowledge which this group possess."

possess."

Apart from the "prohibitive cost" the Australian document warns it could produce massive disturbance in the Cambodian economy and society. It warns: "If the effect of UN involvement in the civilian administration were to reduce the constitution was influent. the capacity to manage infla-tion and the foreign exchange situation, then the adverse consequences could not only demand the Cambodian damage the Cambodian econ-omy but also undermine the credibility of the UN's role."

Australian officials yester-day outlined a plan costing \$1.3bn for an 18-month period to elections. This would include deploying 1,200 UN civil servants, 2500 police, 2,900 polling officials, 2,000 interpreters and 5,500 security force to verify the withdrawal of foreign forces, ensure the end of external arms supplies Phnom Penh Government be . and oversee a ceasefire.

# Radical Hindus may gain in Indian polls

By David Housego in New Delhi

MORE THAN 200m people, or over a third of Indian voters, go to the polls today in state assembly elections that are expected to confirm the rise of the radical Hindu BJP party as a force in Indian politics.

The BJP is expected to gain control in at least two of the eight states going to the polls

Madhya Pradesh and Himachal Pradesh - and to be a minority partner in new coalition governments in at least two others, Rajasthan and

Gujerat.
The expected success of the BJP follows its surge in the November general elections. Then, it boosted its representa-

By Chris Sherwell in Sydney

THE Reserve Bank of

Australia, the country's central bank, yesterday acknowledged

that it was worried about the country's increasing burden of servicing its A\$110bn (£49bn)

in net foreign debt. In his first formal speech on

In his first formal speech on the subject, Mr Bernie Fraser, the new Reserve Bank Governor, said it was a "concern" that, with the non-interest current account in deficit, this servicing was "only achieved through further borrowing, causing the debt to feed on itself."

He was speaking to the

He was speaking to the Australian Society of Accountants at a time of rising public interest on the debt

issue: apart from the current election campaign, in which the economy is the major issue, the Business Council of

Australia, a group of chief executives, has convened a

debt summit" for later this

tion in parliament from two seats to 88 after campaigning strongly on a platform of Hindu fundamentalism.

Though it supports the administration of Prime Minisadministration of Prime Minister V P Singh without being a partner in it, it is expected to join the government after the latest polls. It is expected to have increasing influence over policy, particularly on such issues as the Punjab, Kashmir and Pakieter.

In all eight states - which also include Bihar, Maharash-tra, Orissa and Arunchal Pra-desh - Congress governments have been in power for the last

Mr Fraser acknowledged it made sense for Australia to fund profitable investment

opportunities beyond its own savings capacity through foreign borrowings — the "good" aspect of Australia's chronic current account

But he also said there were

also "bad" aspects, related to the country's sheer volume and growth of foreign borrowing and to the quality of the investments this had funded.

He suggested there had been over-investment in some sectors, such as city office space, and that, when it came to Australia's capacity to service its debt, insufficient investment had occurred in the "tradeables" sector and some foreign acquisitions had failed to provide adequate private.

to provide adequate returns.

Given the growth in foreign borrowing — which has seen Australia's net debt rise from

Congress expects the trend that threw it out of power in November's general election to be repeated in the state elections. The only two possible exceptions are Bihar, the second largest state in the Hindi belt, and Maharashtra on the

Apart from confirming the BJP's strength, the state elections will also decide the fate of Mr Rajiv Gandhi, the former prime minister, and determine Mr Singh's leeway in broadening his administration.

If Mr Gandhi can improve on the party's November perfor-

Apart from confirming the

the party's November performance in Bihar, he seems likely to retain his posts as

A\$6.9m in June 1980 to the current A\$110bn level - Mr Fraser said it was hardly

surprising that some investments had failed while

others had been of poor

quality.
In such cases, borrowers

will pay for their mistakes as will some lenders," he said.

But that in turn could mean

"foreign bankers who had had their fingers badly burned in the process will be more wary (and seek higher risk premiums) before they back any runner from the same stable in future."

The only way Australia could service its foreign

habilities without suffering decreases in living standards, he insisted, was by creating a more productive and

competitive economy.

Progress on such
microeconomic reform was

heing made "but much more needs to be done."

party president and leader of the parliamentary party in spite of recent defections from

Congress.
Though Mr Singh has himself increasingly come to dominate the government in its three months in power, his northern-based Janata Dal party is expected to do only produced by the polls. moderately well in the polls.

The Januta Dal is the victim
of internal fends and poor organisation. It is likely to capture only one state, Orissa, while forming coalition govern-ments with the BJP in others. The weaker its performance, the greater its likely depen-dence on the Hindu radical

party and the more prone it will be to further splits. Much uncartainty remains about the results, however. because of the large number of independent and dissident can-didates. In Bihar 6,631 candidates are contesting 324 seats and in Maharashtra, of which Bombay is the capital, 3,764 candidates are contesting 288

In contrast to the general election, Janata Dal, the BJP and leftist parties have failed in most cases to agree on a common candidate against Congress. The multi-cornered fights are seen as generally

### Foreign debt worries Australia Labor turns a deaf ear to Liberals' plea over Elliott

By Chris Sherwell

THE Australian Government, in the form of Mr Lionel Bowen, deputy prime minister and attorney-general, refused again yesterday to confirm or deny whether the National Crime Authority was investiga-ting the affairs of Mr John Elliott and his takeover of Elders IXI.

The Government faced demands for clarification from Mr Elliott, leaders of the opposition Liberal Party and the Business Council of Australia. All are pressing to know whether last week's reports of the investigation are true and, if so, what the relevant allega-

Mr Elliott is president of the Liberal Party. The controver-sial reports about him surfaced in a television programme during the first week of the Liber-als' campaign to dislodge the ruling Labor Party in the

March 24 general election.

According to one of the country's best-known commentators yesterday, to have the words "crime" and "Elliott" in one sentence dominating the media during an election campaign "has to be one of the all-time dirty tricks of Australian politics."

Mr Bowen yesterday adopted the same position as Mr Bob Hawke, the prime minister, who has already refused to confirm or deny the report.

confirm or deny the report.

The argument is that to do so would break precedent and undermine the National Crime undermine the National Crime Authority.

Mr Bowen also insisted sug-gestions that the Authority had in some way overstepped the mark or was not account-able were unjustified.

Mr Elliott has denied any wrongdoing, as have other Elders directors.

# Japanese banks exact high price for loans to China

JAPANESE banks took a step closer to resuming direct lending to China yes-terday, suspended since the massacre in Peking last June 4, Our Freign Staff reports. However, interest rates are likely to be much higher, reflecting anxiety over China's political and eco-

Four leading banks - the Industrial

Bank of Japan, Samitomo Bank, Sanwa Bank and Dal-Ichi Kangyo Bank - have committed themselves to a small syndicated loan of around \$30m to the China International Iron and Steel investment Corporation (CIS). The eight-year loan is said to carry an interest rate spread of between 75 to 100 basis points over Liber (London

qualifies for tax exemption and the rate will be much lower after that, it compares with 25 to 37.5 basis points on eight-year tax free loans before exemption in 1988 and Libor flat in 1987, according to bankers in the Brit-ish territory. "It's a really big surge in China's borrowing cost," said one.

The Industrial Bank of Japan was originally arranging the loan, but when discussion were resumed on the loan at the beginning of 1990 the role went to CCIC Finance, a joint venture between the Bank of China, China Resources (Holdings), First National Bank of Chicago and Industrial Bank of Japan.

a human rights conference today. "The real culprit is not so much the army but the vigilante groups controlled by prominent politicians."

There were cries of "Shame" when parliament debated the monthly extension of the island's state of emergency. monthly extension of the island's state of emergency. The defence secretary has denied any army involvement in the murder and senior officers are disturbed by the allegations against security forces. "Mr de Zoysa was not only an able journalist and a radio and television personality but he also wrote on human rights for the foreign press. Perhaps that was his real crime," Mrs Bandaranaike said. He worked for the Rome-based Inter-Press Sarvice and was to have taken up a Lisbon post next month.

Mr Sunii de Silva, the attorney-general, addressed the UN Human Rights Commission in Geneva last week. Sri Lanka's aid donors, particularly the Scandinavians and the Weetenied and sentences.

aid donors, particularly the Scandinavians and the West Scandinavians and the West Europeans, have been pressing the Government for greater concern for human rights.

Mr Ranjan Wijeratne, Foreign Minister, has suggested the killing was timed for the Geneva meeting by the Cov.

Geneva meeting by the Government's opponents.

ESDAY PEBRUARY.

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### A LEGACY OF

**AWARD-WINNING PRODUCTS** 

### 1983

► AST's first memory/multifunction board, ComboPlus'', earns two firstplace titles in the PC "World Class" Competition.

### 1984

- ➤ SixPakPlus® ranks No. 1 on the Softsel Hot List for the first time. It would remain on the hot list for most of the next five years. It becomes the standard against which all multifunction boards are compared.
- ➤ SixPakPlus named the favourite memory/multifunction by PC World readers in its "World Class" competition. Readers would choose it again for the next five years. SuperDrive chosen top disk emulator.

### 1985

- ► Rampage!® selected the "Most Significant Product Of 1985" by PC Week.
- ► AST's LAN product ranked among top six by PC World.

### 1986

- ► Rampage! rated excellent in five categories and earns top score by The Journal of Corporate Computing.
- Computer Reseller News names AST top add-in board supplier.

### 1987

- ► AST Premium/286 awarded Editor's Choice by PC Magazine.
- → "The Best Of 1987" award is presented to AST for the Premium/286 by PC Magazine.

### 198

- ▶ Premium/286 merits PC Digest's top rating, and is the only system to earn overall rating of excellent.
- ► LAN Magazine recognises the AST Premium Workstation/286 for its sleek design.
- ► Premium/386 named top-ranked 386 system by InfoWorld.
- ➤ AST picks up Reader's Choice awards in six categories of PC World's "World Class" competition AST Premium/286, SixPakPlus, Rampage-AT, Advantage® Premium and SikPak-Premium with the Premium/386 voted one of the most promising newcomers.
- ► AST rated number one in technical support in PC Week survey.

### 1989

- ► RampagePlus 286 voted best EMS 4.0 board and wins "Product Of The Year" award from InfoWorld.
- ▶ Byte magazine gives AST an award of excellence for its work with EISA.
- ► AST Premium 386/25 earns the highest score for 32-bit memory upgrade in PC Week "Scoreboard."
- ▶ InfoWorld magazine gives the AST Premium 386/33 its "Best in its Class" distinction.
- ► Government Computer News readers select the AST Premium/286 as their top choice.
- ► PC World selects the AST Premium 386/33 at its "Best Buy".

### 199

- ► AST Premium 386SX/16 earns the PC Magazine Editor's Choice award.
- ➤ The German publication, Computer Persönlich, reviews the AST Premium 386SX/16, ranking it number one.

# AST: Ten Years Of Achievement

Founded in 1980, AST Research was one of the first companies to offer expansion boards to increase the power and functionality of the IBM PC. One of their first products, SixPakPlus, was to become the largest selling enhancement board in history, and is still one of the most popular products of its kind today. But that was only the opening chapter in AST's rise to becoming one of the world's most respected makers of microcomputers and related products.

The early days of enhancing IBM's open architecture PCs provided a strong foundation for AST to apply its expertise. And in late 1986, they introduced the ultimate enhancement — their first computer, the AST Premium/286. Building on an excellent reputation for hardware and software compatibility, quality and reliability, the Premium/286 was a runaway success with both industry experts and customers.

Able to build on a strong multiple channel distribution strategy put in place for the earlier board-level products, AST computers were soon being marketed through a variety of channels throughout

the world including major chains, independent dealers, value added resellers (VARs), large distributors, OEMs and U.S. government (GSA) approved dealers. Now, AST computers are found on desktops in businesses everywhere — from the very small to over 60% of the nation's largest — and in government agencies.

Today, AST offer a full family of computers — one for every performance and price range, for a variety of business and personal applications — from the entry-level Bravo/286 and Bravo/386SX to the high-performance Premium 386 and i486 based systems. They also continue the tradition of enhancing systems by offering award-winning memory, multifunction and graphics products, and provide for customers' connectivity needs with LAN, 5250 and 3270 products.

A cornerstone of AST's technological leadership is the growing popularity of the patent-pending Cupid-32 (Completely Universal Processor, I/O Design) architecture. This technology separates components according to whether or not they are likely to change as microprocessors advance. All hardware that is dependent on the type and speed of the processor, including the microprocessor, cache memory and numeric coprocessor are located on a plug-in, printed circuit board.

As a result, customers can avoid desktop obsolescence by upgrading AST's Cupid-32 Premium computers to the next level of performance by simply replacing a board. Upgrades can be completed in a matter of minutes, and can be accomplished throughout the Premium product line, from 386SX to i486-based products and beyond.

The underlying flexibility of Cupid-32 technology also allows AST to respond to changing market conditions with a very rapid product development cycle. In fact, AST was the first company to announce shipments of ISA i486 computers based upon Intel's production release version microprocessor.

AST's corporate headquarters are in Irvine, California but they are truly a worldwide company, marketing products in more than 77 countries. They also build them around the world, and design them to fit international requirements—AST manufacturing facilities are located in the United States, Hong Kong, Europe and Taiwan and AST support them wherever they are installed with offices established throughout the U.S., Europe and in Canada and wholly owned subsidiaries in the United Kingdom, France, Germany, Switzerland, Italy, Hong Kong, Taiwan, Australia and Japan.



Over 2,000 employees are dedicated to delivering the highest quality desktop computers and related products. It's a commitment that begins long before the products reach the desktop. And it's demonstrated in every area of the company.

AST's engineering and marketing teams
work closely together to design
innovative products answering
the needs of the
marketplace.
Starting at board
level design, AST

uses CAD/CAM and surface mount technology to reduce component size and product cost. ASIC (Application Specific Integrated Circuits) technology is another key strategic asset allowing AST to remain a leader in product development. With ASIC, AST can envisage and create custom products that provide exceptional value and ease of upgradeability.

AST's commitment to quality is second to none, and it allows them to boast one of the lowest return rates in the industry. Thorough examination and testing are prevalent throughout the entire manufacturing process, including a complete burn-in process for every computer. Reliability labs, agency compliance testing (FCC, UL, CSA, VDE, etc.), product safety labs and compatibility labs also ensure quality. A few of their commitments to compatibility include unique enhancements to BUS technology allowing faster operation and selectable CPU speeds for strict software compatibility.

AST are dedicated to their customers. AST's Product Support Centres are staffed by fully trained technical support teams available to answer any question by telephone as well as 24-hour on-line electronic systems which provide a variety of information, including free software upgrades. Should an AST product ever need repair, service centres and optional on-site service is available throughout the world.

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factors stemming from the

UNO victory. It should bring

about a quick end to lingering hostilities between the govern-ment and the US-backed Con-

tras, allowing a significant cut in military expenditure. US

economic sanctions should also

end, as should pressure from Washington on bilateral and

multilateral donors not to assist Managua

Mrs Chamorro will get a bet-

Mrs Chamotro will get a better reception when she goes looking for aid than did Mr Ortega. He met 16 potential European aid donors in Stockholm fast year, and said Nicaragus needed \$250m in aid for 1969 alone. He left Sweden with only \$50m. Mrs. Margaret

only \$50m. Mrs Margaret Thatcher, UK Prime Minister,

sent him packing with little more than a flea in his ear.

UNO says that prospects are

good for attracting \$400m in

immediate US investments, most of it in agribusiness and traditional export staples such

as beef, coffee, bananas and cotion. Assuming that the US lifts its embargo on Nicara-

guan exports, exports of coffee and fish could also recover.

But this alone will not deliver up Nicaragua from the depths to which it has sunk. Large-scale reforms will be necessary, reversing the Sandinistar policies in some areas, in others continuing the reforms which they had begun to institute But cutting spending, reversing land redistribution and privatising will all be highly controversial.

Mrs Chamorro must undo a

decade's work. The price will

he high, and much depends upon how much external aid

can cushion the blow. But even

allowing for this, she is likely to find that winning a political victory was not even half the

But this alone will not

# of real prize on S African table

Patti Waldmeir interviews Joe Slovo

defined as the transfer of legal cable foes of the South African Government, Mr Joe Slovo, a top official of the African National Congress (ANC) and one of its chief economic thinkers, believes Pre-toria would concede majority rule tomorrow if it could guarantee that white economic privilege would survive the end of apartheid.

For when common ground has been found on all the political issues which divide the two South Africas — a lengthy process in itself — the hardest bargaining is likely to focus on the economic structure of a post-apartheid South Africa The National Party, and

some black leaders such as the Zulu Chief Mangosuthu Buthelezi, will wish to see free enterprise capitalism perpetuated in South Africa: while the ANC makes clear it is seeking a transformation of its economic relations. The most senior ANC official and the lowliest teenage guerrilla agree on this point: there can be no political liberation without economic

In an interview with the Financial Times in Lusaka, the headquarters of the ANC in exile and one of Africa's most economically degenerate cani-tals, Mr Slovo outlined the twin objectives of the organisa-tion's economic policy: to bring about a redistribution of wealth while ensuring that the economy "serves the purpose of every economy, that it pro-vides for the needs of the peo-

"When the transformation comes, we can't just bake slogans, we've got to bake bread,"

he says.

Mr Slovo, 63, is one of two
white members of the 35-member national executive committee of the ANC. As general sec-retary of the South African Communist Party (a close ANC affiliate) and a former com-mander of the ANC military wing, Umkhonto we Sizwe (Spear of the Nation). Mr Slovo occupies a powerful position within the ANC hierarchy.

He is at one with other ANC leaders in insisting that the fundamental aim of economic policy must be the redistribu-tion of wealth. "We can't say to our constituency, 'we've bat-tled all this time, and how we're going to leave everything to those who have dominated the whole while'," says Mr

When pressed for specifics on the mechanism of redistri-bution, Mr Slovo says the movement is still working out its policy. True, the ANC has had 30 years in exile to contem-plate the economy of a future South Africa. But the ANC leader pleads that the demands of the liberation struggle have meant "we've had to devote the bulk of our energies to getting there, and not to what we're going to do when we arrive."

Mr Slovo is, however, willing to be categorical on one point: nationalisation is not the fundamental policy of the ANC. The ANC has made clear its acceptance of the co-existence of different forms of property: state, private, mixed, perhaps collective." It envisages a

mixed economy.

That does not mean that no industry will be nationalised; indeed, some probably will, Mr

Slovo says.

But he is at pains to point out that the 1955 Freedom Charter – the ANC's basic policy document – does not use the word nationalisation. Its formula is that "the mineral wealth beneath the soil, the banks and monopoly industry shall be transferred to the ownership of the people as a

Nationalisation - if that is

ownership to the state - "does not in itself lead to the kind of transformation we are seeking," argues Mr Slovo.

Mr Slovo seems eager to allay anxiety provoked in business circles about nationalisation: "The narrow issue of nationalisation is a bit of a red begring" he says. "The image herring." he says. "The image conjured up is one of sudden 100 per cent takeover by the

state, without the involvement of other sectors of capital."
But what Mr Slovo envisages is, it might be argued, more radical than the nationalisation of a handful of industries. To me the more important question is one of control, not ownership," he argues. "The question is whether a particu-

lar sector is run purely in the interests of profit, or in the interests of people."

The mines, banks, monopoly industries, other sectors of the economy too "have got to be economy too "nave got to be taken under public control, which I distinguish from state control, which in the socialist world has been a bureaucratic concept which has not led to effective public control," he

Public control means "effec-tive participation through dem-ocratic mechanisms of democratic representatives of the people, the producers them-selves, and other participants." Asked whether this was not the type of economic system which had been rejected in eastern Europe, Mr Slovo replies that the "right kind" of public control had never been achieved in socialist countries. The concept of public control cannot be jettisoned merely because there have been bad forms of public control."

he basic economic les-son of eastern Europe, he concludes, is that "if you are going to build socialism you must go beyond mere state planning and control; you must have democratic partici-pation of producers at all lev-

Building socialism is not, however, the immediate goal of the ANC, Mr Slovo says. The economy of South Africa the day after the ANC flag flies over the Union Buildings in Pretoria will be exactly the same as the day before," he asserts. "You can't transform it by edict without risking economic collapse."

phased, and though social dis-location is inevitable, everything will be done to ensure it is minimised and white skills are retained. Foreign capital will remain crucial to develop-ment, and guarantees of stabil-ity and security will be offered to ensure investors do not

avoid South Africa. How this can be achieved remains unclear. But Mr Slovo remains the ANC is willing to be flexible. Indeed, the principles he outlines may not even be acceptable within the executive itself, which includes more conservative figures as well as Communist Party members.

But the influence of commumists within the executive is none the less strong; and in the townships of South Africa, where capitalism is equated with apartheid and Joe Slovo is a name to conjure with, the battle against economic privi-lege is not going to be aban-doned easily.

Mr Slovo reckons there are

thousands of potential Commu-nist Party members in the country. They are not all "ful-ly-fledged Marxist philoso-phers," he says; but they do seem persuaded of what he argues is the "inherent moral superiority" of socialism. And that, National Party officials say, is what they fear most about black majority rule.



of South Africa, met Nelson Mandela at the African National Congress leader's home in Soweto yesterday. After the meeting Mr Relly said there was no need for investors to panic over the

Gavin Relly, chairman of ANC's declared policy of Anglo American Corporation nationalisation. Mr Mandela arrives in Lusaka today to start five days of talks with ANC leaders. He will meet heads of the front-line states and Commonwealth representatives on his first trip abroad since his February 11 release.

### **AMERICAN NEWS**

# ANC leader talks Lady inherits the keys of a tropical ruin

Andrew Marshall assesses the Nicaraguan economy in the electoral aftermath

RS VIOLETA Barrios de Chamorro, the vic-tor in the Nicaraguan presidential election, inherits a poisoned chalice. The country's economy is in ruins, the product of 10 years of war against the US-backed Contras and a US economic blockade, com-bined with economic misman-

The idealistic vision of the left-wing Sandinistas, who deposed the Somoza dictatorship in 1979, has had little relation to reality. A study in the New York Times last year retained a black victory conpainted a bleak picture: con-sumption has fallen by 70 per sumption has falled by 70 per cent in the last decade, and annual per capita income is down to just \$300, lower than Haiti, making Nicaragua the poorest country in the western Hemisphare mourer at 11 then Hemisphere, poorer still than

The study predicted that GDP, which shrank by 8 per cent in 1988, would fall by at least as much last year. According to the Inter-American Development Bank, per capita income fell by 11.1 per cent in 1988 alone – the sec-ond largest fall in Latin America. Any hope that the San-dinistas could alleviate the poverty suffered by most Nic-araguans is all but gone, and this was a central factor in their electoral downfall.

The war against the US-backed Contras since 1982 has cost an estimated \$12bn. It has disrupted agricultural produc-tion, destroyed infrastructure, and necessitated high spending on defence, which accounts for perhaps half of all state expen-

US economic sanctions have also cost Nicaragua dear. US aid was terminated in 1981, and a trade embargo was imposed in May 1985. This resulted in a decline in exports from \$63m in 1984 to \$1.3m in 1987, and imports fell from \$123m to

By Lionel Barber in Washington

THE victory of Mrs Vicleta Barrios de

THE victory of Mrs Violeta Berrios de Chamorro in the Nicaraguan election has far outstripped the expectations of her supporters in Washington, including the Bush edministration.

Faced with a well-organised, well-financed campaign by the incumbent Sandinistas, US officials had begun to reconfile themselves to the prospect, however unpalatable, that President Daniel Ortega would remain in office.

Only last week, Mr. James Baker, US Secretary of State, laid down stiff conditions for dealing with an Ortega govern-

tions for dealing with an Ortega govern-

military assistance to leftist guerrillas in El Salvador and an unspecified

The Nicaraguan opposition win

scrambles the political equation. It presents the Bush administration with an opportunity to cement a famous demo-

period of "good behaviour."

Aylwin on

**Argentine** 

visit today

By Lesile Crawford in

MR PATRICIO Aylwin, Chile's

president-elect, travels today to Argentina to initiate the

incoming government's foreign

policy.
Relations between the two

countries have never been easy. In the late 1970s, the junta in Buenos Aires almost

junta in Buenos Aires almost declared war on Chile over some Beagle Channel islands. The dispute was resolved in 1984 in Chile's favour,
Argentina has adopted a more humble tone as its economy flounders while Chile's advances. "Economic integration with Chile is our government's top foreign policy aim," Argentina's ambassador in Santiago, Mr Oscar Spinosa, says.

Mr Aylwin will not sign any

economic pacts during his Buenos Aires visit. But he will dis-

cuss joint projects, such as a 300-mile gas pipeline from San Rafael, Argentina, to Santiago. Technical studies are ready,

and finance and supply con-tracts must now be discussed.

Argentina would like to develop the port of Caldera, northern Chile, as an outlet for its exports. Chile wants Argentina to cut import tariffs. The trade balance between them is \$300m (£176m) in Argentina's favour.

favour.

Mr Aylwin's trip starts a drive to boost Chile's image abroad under the incoming democratic government. Mr Enrique Silva Cimma, Foreign

Minister-to-be, says Chile will renew diplomatic relations

with eastern European countries — almost certainly with Moscow — on March 11. Diplomatic links with Mexico will be

restored soon after.

Santiago

age of spare parts for US equip-ment. The US has also lent on potential Western aid donors. Other external factors, which have damaged the economies of all third world countries in the 1980s, have also taken their toll, including low commodity prices. The result has been a series of trade defi-

made clear that Nicaragua would be expected to look after

The economy's problems are not all external: the Sandinistas' own attempts to impose their will on the economy have taken a toll. They began with a broadly Marxist approach, nationalising foreign trade,

NICARAGU	A'S E	CON	YMC	·	
	1985	1986	1987	1988	
ECONOMY					
GDP at current prices Chn	115.4	435.7	2389.5		
Real GDP growth (%)	-4.1	0.6	1.7	-8.0	
Consumer price increase (%)	220	681	912	10,205	
Government spending (%GDP)	48.0	41.4	40,7	-	
Government revenues (%GDP)	32.1	32.0	29.9	-	
Government deficit (%GDP)	15.8	9.4	10.8		
TRADE	,				
Exports Sm	301	243	281	213	
Coffee Sm	120.9	109.6	134.2		
cotton Sm	97.0	45.2	46.4	-	
Meat \$m	10.9	5.3	12.1	-	
Importe Sm	830	708	691	915	
Current account \$m	-857	-788	-720	-730	
Exchange rate* C per \$	26.5	67.0		250	
Reserves \$m	477		274		
DEST					
Total external debt \$bn	5.7	6.2	7.3	7.5	
Debt service - Interest Sm	28	21	12		
- principal \$m	19	11	22		
Disbursed debt/GNP (%)	171.7	211.4	207.8	_	

cits, as exports have stagnated or fallen, and imports have continued to rise. President Daniel Ortega said

that exports rose from \$230m in 1988 to \$298m last year, and imports dropped from \$807m in 1988 to \$711m last year. The country is in "passive default" on its debts, and has accumulated a total debt which, at the end of 1988, stood at \$8.1bn. Nicaragua has survived by dint of aid from the Soviet bloc

and Cuba, and some from a few northern European countries. The Soviet Union, main benefactor, provided at least \$8bn in military and economic aid in the past 10 years. But President Mikhail Gorbachev had problems of his own and has

Then, as now, Senator Richard Lugar, an influential Republican close to the White House, tried to prod the adminis-tration to action. "We must show Presi-dent Chargers and New Presi-

dent-elect Chamorro and Nicaragua

that we are prepared to work with them

to make certain the sanctions are lifted. I would hope that the Congress and the President will be generous with economic assistance."

commodity given domestic US budget-ary constraints and the administra-

tion's refusal to countenance raising

aid package run as high as \$4bn to \$5bn, far higher than the \$1bn which

the US stumped up for Panama after

last December's successful invasion.

Yet as Senator Lugar suggested yesterday, the US has a substantial moral obligation to help Nicaragua. For most of the 1980s, the Sandinistas were cast as communist demons in the manichean world of Ronald Reagan. The US sponsored a rebel force known as Contras to overthrow the Sandinistas in Managua; and when they failed, the Reagan administration reluctantly went along with a Central American reacces.

along with a Central American peace accord which forced the Sandinistas to

hold elections in return for a halt to outside military aid in the region.

last December's successful invasion.

Money, of course, remains a scarce

This has gradually been reversed, under external and

annual rate of 1,689 per cent last year, but the currency had to be devalued 36 times in 1989. The cost to industry of hyper-inflation, recession and a shortage of investment has

shortage of investment has been severe, and manufactur-ing activity has contracted. The country's grinding pov-erty, over-regulation and error-riddled administration have led to a continuing outflow of Nicaraguans, particu-larly those who have skills or education. It is estimated that as many as 200,000 out of a population of 3m became economic refugees, and there are perhaps another 75,000 political

refugees.

The result has been to undercut the Sandinistas' early social policy successes, such as their illiteracy and health campaigns. Many of the doctors and teachers are now driving cabs in Los Angeles, New York or Miami. The Sandinistas, recognising that emigration was a safety valve, have not interfered with the exodus; Mrs Chamorro must now hope that Chamorro must now hope that

it reverses.

Another challenge for the UNO alliance which is about to govern will be to resolve theproblems of the agricultural sector, which accounts for 10 per cent of GDP and the majority of exports. The Sandinistas carried out a broad programme of land redistribution, breaking up the large farms owned by rich families under the Somozas and giving the land to cooperatives or squatters. There will now be pressure for returning the land to those from whom it was exproprifrom whom it was expropri-

The impact of the war, shortages of labour and imported components have contributed to a stagnation of agricultural production. Last year's credit squeeze put many small farm-ers out of business. The output of cotton is half of what it was 10 years ago. Coffee production

in Nicaragua (and the Reagan adminis-tration's efforts to dely this reality led ultimately to the Ean-Contra arms for-

hostages flasco).

In February 1989, Mr Bush bowed to the inevitable and sanctioned a deal with Congress which stopped military

assistance to the Contra rebels and

tinue. There were a few protests, but Mr Bush's judgment - and his faith in the election process - now appears to have been vindicated.

The immediate task for the adminis-

tration is to focus attention on a prob-lem which, until recently, has taken a

back seat in the foreign policy theatre. The difficulty, as one White House official noted yesterday, will be to strike a balance between rushing in a heavy-handed fashion while at the same

time meeting the expectations of the Nicaraguan people who, after all, have cast a vote for US dollars.

If past experience of the Bush administration is any guide, it will look for multi-lateral institutions to lend support to a future US aid package. Central

Damp squib for the **Sandinistas** is three-quarters of 1980 levels. By Tim Coone There are some favourable

in Managua

THE KIGHT hours of waiting for the first results from Sun-

for the first results from Sunday's polls in Nicaragua, were the longest in the lives of many Nicaraguans.

The Sandinistas had prepared their victory celebration, to be held in a large plays next to their commands. headquarters. A stage, live music and tons of fireworks had been laid on ready for an all-night party. "No expense spared" was the motto, as it had been for the Sandinista

The main opposition alliance, UNO, had not even planned a public victory celebration. Instead, their campaign. bration. Instead, their campaign headquarters, set up in a restaurant, had tables laid with glasses and snacks for the party leaders and camp followers. It appeared more like the preparation for a wake than a victory.

The first results were expec-ted from the Supreme Elec-toral Council (CSE) three to four hours after polling sta-tions closed at 6 pm. Exit polls had been banned to avoid spec-ulation and possible violence ulation and possible violence before the announcement of the official results. Only the official observer groups had been been given authorisation to enter the polling stations during the count and to gather results independently of the CSE and the political parties. All were prohibited from releasing their counts before those of the CSE.

Party officials in both camps paced the floors nervously. The hours dragged on. By 10 o'clock no results had been announced. Emmours began to circulate. Something had gone contrary to expectations. In

contrary to expectations. In the Sandinista camp, the usuthe Sandinista camp, the usually ebullient campaign manager, Mr Dionisio Marenco, looked withdrawn and as though he was the carrier of bad news. He said only "The music will start later."

Some journalists had been

able to get results from a fev polling stations in the capital. Diplomats had done the same elsewhere in the country. All showed the least-expected result - a landslide victory for UNO. By midnight, Mr Danilo Lacayo, press spokes-man for the UNO campaign, said that they had most of their voting returns in from the capital "I cannot tell you the result yet, but I can tell you we are very, very happy". Mrs Chamotro was still at home, holding discussions with the heads of the various

with the heads of the various observer groups. Their mission was apparently to try to persuade her not to call people onto the streets to celebrate for fear of provoking violence. She acceded. Shortly before 2 am, Dr Mar isno Fiallos, the president of the CSE, appeared on televi-sion looking shaken. Empha-sising that what he was about

sising that what he was about to announce were only partial results, he pronounced what had already become clear—UNO had a significant lead.

Driving home in the early hours of the morning, the fireworks being fired into the air came not from the plaza, but from people's homes.

expanding health care and schooling, and extending the state into nearly every public activity. They resettled about 100,000 farmers, some of them forcibly, and put 40 per cent of farmland under state or co-operative control.

domestic pressure. Last year — faced with war damage total-ing \$120n, \$800m in losses from Hurricane Joan and a continuing US trade embargo – the government laid off 30,000 pub-lic employees, slashed its bud-get by nearly half and returned to a free market. Through the austerity programme, inflation has begun to come down, from 33,600 per cent in 1988 to an

Chamorro poll victory surpasses Washington's hopes

hearted, partly because of the strength backyard, but the cash strapped Yan-kees feel little shame these days in seeking Japanese and European eco-nomic support to support their own forof conservatives in Washington who, like Mr Reagan, like to elevate the Contras to "the moral equivalent of the Founding Fathers." Yet Congress never had the stomach for a military solution

eign policy goals.

A prime example is the Andean ald package to Peru, Bolivia and Colombia, the three Latin American drug-producer countries, where Washington has openly solicited foreign cash. The message is that drug abuse and narcotics is an international rather than purely American problem.

The obvious multilateral avenues are

etary Fund, both of which are likely to play a role in a future re-financing package for Nicaragua's delapidated, debt-ridden economy. Nicaragua's arrears to the World Bank amount to \$172m, the loans having been placed on a non-accrual basis in May 1984; Mana-gua's arrears to the Inter-American Development Bank total \$18.15m, but it has loans outstanding of more than \$330m, none of which it has immediate

prospect of repaying.
In the last resort, however, these are problems which should be overcome. The victory of the Nicaraguan opposition is a victory for President Bush who once again can proclaim that history and the democratic wave is moving the American way. It is a powerful message

President Barco on Monday to

thaw up an "adequate mechanism" that would allow its members to surrender.

The group, widely identified with the chieftains of the Med-

ellin cocaine cartel, said in a statement published in El

Tiempo newspaper that it was also willing to draw up a complete national and international list of property used in drug trafficking.

The statement said the statement said the

Extraditables had proven their

willingness for peace by sus-pending a violent anti-govern-ment campaign January 17.

"We hoped that the govern-ment, through one or more per-

sons or an adequate mecha-nism, would implement the

### US to boost 'long-term thinking'

By Peter Riddell, US Editor, in Washington

THE US Treasury is considering changes in tax and securities laws to encourage shareholders and management to work more closely together to promote longer-term thinking in companies.

Ideas under consideration include incentives for companies to pay executives in stock and a requirement for secret ballots in shareholder votes, as well as changes in federal laws

1

and a requirement for secret ballots in shareholder votes, as well as changes in federal laws governing pension funds to assist a longer-term view by their managers.

This is in addition to the far-reaching study on integration of corporate and personal tax systems which the Treasury intends to publish in spring. This will focus on ways to end the present double taxation of dividends.

Mr Nicholas Brady, US Treasury Secretary, recently attacked short-term thinking and trading by pension funds and other investors. He argued that it was "too easy to feel that shareholders are just too impatient and won't let corporate management focus on Instead, he argued in favour of partnership between shareholders and management in achieving a corporation's long-term goals, which might greatly reduce the pressure for hostile takeovers. He said the Treasury was examining proposals to "encourage both executives and institutional invstors to think longer term."

Under consideration are tax incentives so that payments to Under consideration are tax

incentives so that payments to executives could be made in stock which would be treated as an expense against the cor-poration's tax bill.

# opportunity to cement a famous demo-cratic victory, much like the political opening offered by Mrs Corazon Aquino's upset election win against President Ferdinand Marcos in 1986. Then, as now, the initial reaction in Washington was of stunned surprise at the expression of "people power." President George Bush — who found it head dong to worked up about the end of the Berlin Wall — was typically cautious, refusing yesterday to gloat over the defeat of Mr Ortega, a man he once likened to a skunk at a picnic. Colombia seeks to open economy

By Sarita Kendall in Bogotá

THE Colombian government has taken the first step towards changing the countowards changing the country's economic model and opening the way to greater international competition. Import licences will no longer be required for 861 items (mainly raw materials and capital goods), while consumer goods such as food and clothing have been taken off the restricted list.

The new import packages form part of a five year plan approved by the National Council for Economic and Social Policy (COMPES). Over the next two years import con-trols will be lifted and tariffs, rather than licences, will pro-vide protection for domestic production. In the second phase of the plan tariffs will be reduced gradually, exposing

**Quebec warns** over Meech Lake accord By Bernard Simon

in Toronto

QUEBEC'S ruling Liberal Party has raised the tempera-ture in the debate on Canada's constitutional future by warning of the serious consequences which would result from rejection of the controversial Meech Lake accord.

The party agreed at a meeting of its general council in Quebec City to set up a committee to examine the alternatives for Canada's only mainly French-speaking province if the Meech Lake agreement is not approved by the other provinces within the next four Colombian industry to greater competition.

US commitment to regional diplo-macy was never more than half-America may be known as America's

Although the plan has been under discussion for some time, the decision to launch it in the last six months of President Virgilio Barco's government caused some surprise. Presidential candidates were critical of the timing rather than the content - the need to move away from the heavily protected import substitution model in order to achieve higher growth rates is widely

accepted. However, the industrial and agricultural lobbies say the measures adopted are simplis-tic and do not include enough support for raising productiv-

Protectionism has fostered inefficiency and unreasonably

economic authorities. The Goventrance antitorines. The Government wil help Colombian companies to sell abroad by improving roads, airports and sports facilities, as well as keeping up a relatively fast devaluation rate. There will also he finds for moderation also be funds for modernising

lead international reserves to drop by \$300m over the 1990-91 period, said Mr Fernando Alarcon, Finance Minister. But after this, as the measures take effect and exports become more competitive, reserves should rise by about \$380m a should rise by about \$380m a year. Economic growth, now stagnating at about 3 per cent, will increase to between 4 and 5 per cent after 1992.

Reuter adds: The group of Colombian drug lords known as the Extraditables called on

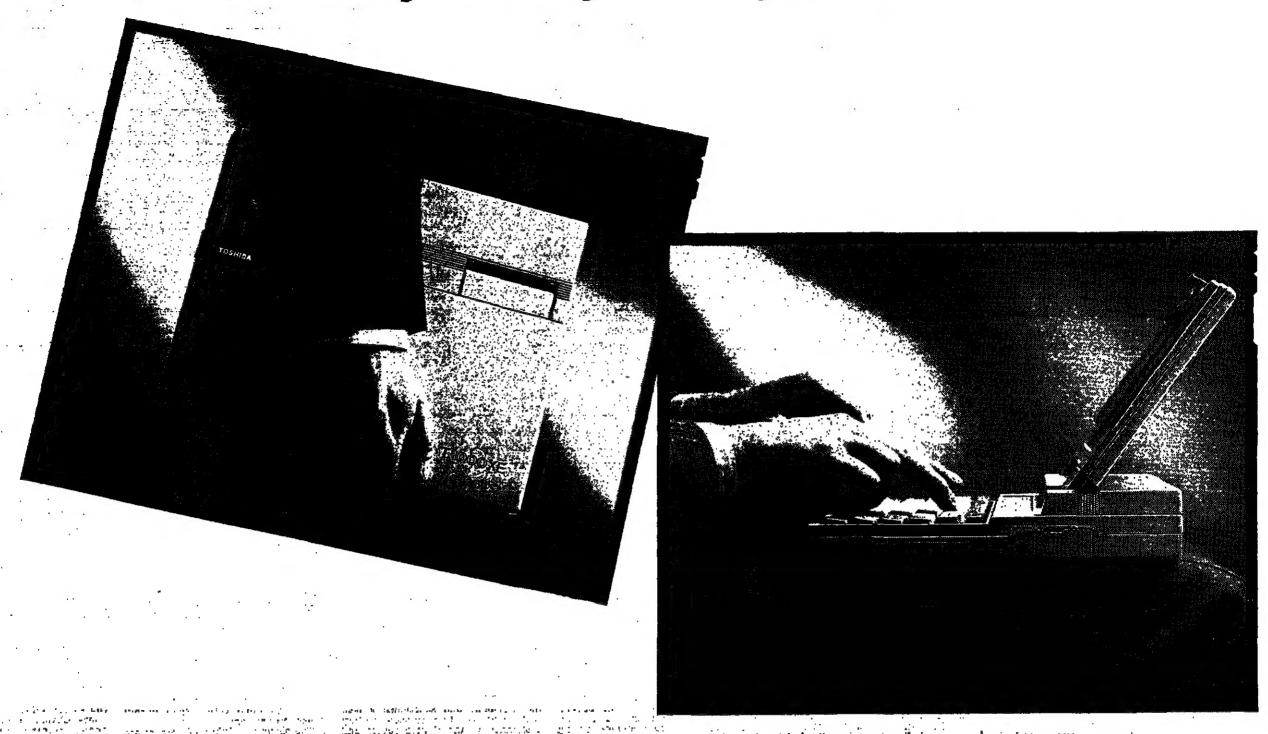


Diplomat Santos Goni raises the Argentine flag yesterday over his county's diplomatic mission in

Damp squi for the Sandinista

·long-tell.

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In Touch with Tomorrow

liberalising global trade could soon be jeopardised if the developed countries fail to negotiate seriously on crucial Third World interests, the developing countries warned

yesterday.

In a joint statement issued only nine months before the end of the Uruguay Round negotiations under the aegis of the General Agreement on Tariffs and Trade (Gatt), the developing countries called on the big trading powers to recognise the gravity of the situation.

In their complaint, they saw a lack of political will to integrate trade in textiles and farm products fully into Gatt. In tropical products and natural resources, talks on proce-dure had been substituted for

substance, they claimed. Proposals to allow selective safeguard action against abrupt surges of imports, and enlarge the scope of anti-dump-ing measures – both part of the European Community's

with proposals in "new" Gatt areas such as services and intellectual property rights.
These together, the developing countries contended, would deprive them of their existing

cal decisions, so that a package of trade concessions could be visualised by the summer.

visualised by the summer.

"We need to know where we are by July, if we are to be able to evaluate the outcome and finalise a package at the (trade ministers') meeting in Brussels in December," Mr Leopoldo Tettamanti, head of the Argentine delegation, declared.

At the same time, Mr Julio Lacarte, Uruguay's ambassador, said vague assurances that everything would come right were not good enough. The developing countries would developing countries would continue to negotiate in good faith but were making a political statement about their doubts.

### Indonesia seeks re-tender on \$300m phone contract

re-tender on a \$300m (£176m) telecoms contract – subject of a trade dispute between the US and Japan, John Murray

Brown reports from Jakarta. The move is seen as a hid to avoid more controversy after US complaints over the tendering process. Mr Moerdiono, the State Secretary, said yesterday President Suharto had "decided there is no winner this round. We will have a limited re-tender"

The project, to supply digital switching equipment for public exchanges, is one of the developing world's most important telecoms contracts, and could produce \$2bn in repeat orders. After five bids in September, Indonesia said the field had been narrowed to AT&T of the US, and NEC of Japan. Fujitsu, Alcatel, the European consor-tium, and L M Ericsson, the Australian unit of the Swedish company, rejoin the race.

This month, President Bush wrote to complain to President Suharto on behalf of the US company. The US fears Japan is using its \$2bn annual aid to Indonesia to back NEC's bid. Nations in the Paris-based OECD have discussed rules on use of aid to subsidise exports to developing countries. Any such practice is seen to distort

• Robert Gibbens reports from Montreal: Canada has told Thailand it no longer insists on an official That guarantee for a C\$310m (£147m) interest-free loan for the \$2.3bn transport system Lavalin and Mitsubishi want to build in

Bangkok.
Levalin said this cleared the way for completing long-term financing talks. "We hope the Thats will now fully commit themselves to our group". The That Government is to hold 25 per cent equity in the 27-km

### **Aircraft** makers vie for Turkish airline deal worth \$600m

By Jim Bodgener

A CONTRACT valued at around \$600m for at least six long-haul, wide-bodied aircraft is expected to be awarded soon by the state flag carrier Turk Hava Yollari (Turkish Airlines rights. The time had come, they added, for the developed countries to take crucial politi-- THY) to one of three major

Fiercely competing front-runners for the contract are McDonnell Douglas of the US with its MD-11 and Airbus, the European aircraft consortium, with its A-340 version, while Boeing with its 747-400 follows,

say industry sources.

Financing terms will be critical, however, since THY is already carrying a considerable burden from its purchase in the 1980s of 13 Airbuses with another to follow next year. For the last three Airbuses THY has preferred to enter into leasing arrangements, and for the thirteenth a fiscal as opposed to financial lease, which was arranged by Banque

The long-haul aircraft are part of THY's fleet purchasing plans. The sirline envisages buying a total of 32 new aircraft by the year 2000, while at the same time selling eight ageing DC-9s and Boeing 727s. They are needed to develop routes to the US and the Far

The airline's total seat capacity is expected to increase to 8,654 from the present 5,233 over the period.

Payments on outstanding

debt, much of it for the pur-chase of the Airbus fleet, amounted to \$149m for the THY recorded a net income

of TI.10.8bn (\$4.6m) on revenues totalling \$460m in 1989.

The airline increased the number of its pessengers car-ried by 8.2 per cent to 4.2m during the year compared with 1968, while increasing its available seat capacity by 13.4 per

In addition, it carried 23.3 per cent more cargo, a total of 44,926 tonnes over the period. Concentration on international flights, leaving more internal routes to private feeder sirilines is THY's present planning

# Baltic republics look back for inspiration

The economic way forward involves restoring old trade ties, writes John Hiden

ommercial prospects in the Baltic states should begin to brighten this year as Estonia, Latvia and Lithuania attempt to implement regional self-management schemes — especially in the wake of Lithuania's vote at the weekend for independence.

independence.
The remarkable aspect is that both the local Communist parties and nationalist groups have co-operated on this. In generally endorsing Baltic plans in November last year for greater economic autonomy, the central government in Moscow is already set to bargain with the Beltic leaders over the details of their propos-

One issue is the extent to which the republican govern-ments can increase their con-trol over the so-called all-Union (Moscow-run) heavy industries situated on Baltic territory, where the immigrant Russi labour force is mainly

There is also the fraught question of separate Baltic cur-rencies. Moscow's insistence on the Soviet state's monopoly on the issue of money did not prevent Tallinn from reviving the Bank of Estonia and launching a successful compe-tition for a new design for the currency, named after the

Here, as often, the Baltic republics look to the past for inspiration. No matter that the restored "Bank" of Estonia is more shadow than substance, that its first president, former deputy Prime Minister, Rein Otsason, lacks reserves of hard currency and that trade with the Baltic republics still relies heavily on barter. The "com-mand economy" is being slowly chipped away by the changing conduct of economic life. As in the political arena so in the economic, this dynamic will be difficult to

arrest.
Indeed, Mr Otsason argued in October last year that the Battic model was "the only one that can get the country (Soviet Union) as a whole out of its crisis". Estonia's recent devaluation

Estonia's recent devaluation of the rouble for "non-commercial" operations is certainly in keeping with the harsh decisions needed throughout the Soviet economy. Estonians travelling abroad must now exchange 10 times as many roubles for the same amount of dolars. Estonia's commitment to genuine self-management. to genuine self-management was underlined by its increased tax in January on cigarettes (up 50 per cent) and on beer (up 100 per cent), against Moscow's will.

FINLAND Estonia Latvia Vintes Lithuania USSR 300 miles

Also taking place is the slow restoration in the Baltic repullies of a long dormant infra-structure supportive of private enterprise. Chambers of commerce in Riga, Tallinn and Vil-nius now mediate contacts between western and Baltic companies, specialist agencies, such as Mainorfin in Estonia, offer briefings to foreign business men. Advertisements can be placed, for example in the English version of the Latvian Popular Front newspaper, Atmoda (Awakening) and in Homeland, the supplement to the Estonian weekly Kodumaa. Foreign enterprise could forge links with the Baltic republics in technology infor-

mation and computerisation food processing, chemical industries, a wide range of light engineering and metal working activities, woollen and textiles as well as in tourism (hotel construction and transport) and the service sector in

western expertise in tack-ling Baltic heavy industry's appalling pollution problem is also required. The Virumaa region in north eastern Estonia – damaged by oilshale mining and huge power stations – has set up a founda-tion to attract national and foreign help to tackle the prob-

Given the political and envi-

ronmental constraints sur-rounding Baltic heavy indus-try, small and medium-sized concerns are most likely to prosper in the long run. Refur-bished and modernised through outside aid. Baltic companies could produce and export more of the sort of quality goods which will bring in hard currency. Until then, even barter can be profibable. The resuscitation of older. trade links with the Baltic could also provide a supportive environment. The greatly increased Finnish Estonian collaboration in joint ventures during the past few years is one example. Sweden opened a

Talling branch of its Leningrad consulate general in November and plans similar offices for Riga and Vilnius. In the same month SAS restored the first regular Stockholm-Tallian flights since 1940.

West Germany will again play a big role. With Britain, Germany was the major foreign trading partner of the independent Baltic republics. After the Second World War Britain's ties declined but look set to be restored.

The entrepreneurial tradi-tion of the Baltic peoples remains strong - notwith-standing "Sovietisation". Dur-ing the 1980s, for example annual average growth of income per person for the Soviet Union as a whole was 2.8 per cent compared with 3.1 per cent in Latvia, 2.47 per cent in Estonia and 4.4 per cent in

At the same time there is no threat to Soviet President Mik-hall Gorbachev from a renaissance of Baltic enterprise. The optimum economic scenario for the Baltic republics depends - as in the past - on develop-ing links with the west while maintaining close economic relations with the Soviet

Professor Hiden is director of Bradford University's Baltic Research Unit

### Tehran to buy four oil tankers from S Korea

By John Ridding in Secul

IRAN IS to buy four oil tankers from South Korea and has agreed several other substantial deals with Korean compa-nies, as part of its post-war reconstruction, Seoul's Ministry of Energy and Resources

The contract for the tankers, to be supplied by Daewoo Ship-building and Heavy Machinery, is worth \$330m (£194m) and is the biggest single deal between the two countries. South Korea and Iran have also agreed in principle that Daewoo Motor Co will build a car assembly plant in Iran with initial capacity of 20,000 sub-compact cars. The accords came after the third meeting of the Korea-Iran Joint Economic Commission in

Tehran at the end of last week.

Other projects agreed include

the second-phase construction of the Kangan Gas Refinery by Daelim Industrial, the South Korean construction company, worth about \$150m.

Ssangyong, also of South Korea, is to be awarded the \$30m contract for building oil storage tanks on Kharg Island. Iran has also promised to allow South Korean contractors to bid to complete a \$7bn petro-chemical complex at Bandar

• Karen Fossli reports from

Oslo: Bergesen, Norway's lead-ing bulk shipowner, has placed a \$100m order with Hyundai Heavy Industries to build an ore carrier for delivery in 1992. The US-based General Ore International Corp, a Bergesan partner, is to take a 35 per cent stake in the project.

### Finns set to buy fighter jets

rink AND is on the verge of asking for bids from four chase bombers, nor should its fighter aircraft-makers in France, the US, Sweden and later, the Soviet Union to renew its ageing fleet of 60 Mig-21 bis and Swedish J-35 Draken interceptors by 1995, at an estimated cost of FM10bm (21.55m). Enrique Tessieri fighter aircraft-makers in France, the US, Sweden and later, the Soviet Union to renew its ageing fleet of 60 Mig-21 bis and Swedish J-35 Draken interceptors by 1995, at an estimated cost of FM100m (£1.5bn). Enrique Tessieri reports from Heisiaki.

This military purchase by Finland will be the biggest in its 72 years of independence. In 1992, Finland is expected to decide with which two fighters it plans to renew its fleet,

ers it plans to renew its fleet, from the Mirage 2000, Mig-29 (or a newer version), General Dynamics F-16, or the Swedish JAS 39 Gripen, which analysts say has dropped out of the

Under the 1947 Paris Peace Treaty, certain limits were placed on the size of Finland's standing forces. One rule stipuFor a neutral country which

has to co-exist with a powerful neighbour – the Soviet Union – the choice of fighters Fin-land will acquire remains cru-cial, despite political changes there and in eastern Europe. Though small by European standards, the purchase is important in a foreign policy context. ..

Mr Tomas Ries, an expert on Finland's armed forces, says Finland's neutrality rests on its military determination to

It is also important for Fin-land to be able to honour its

di-year-old treaty with the Soviet Union, which obliges each country to come to the other's rescue if attacked "by Germany or any state allied with the latter".

Finland has learned no compromise can be made on the sensitive topics of foreign pol-lcy and defence. These have become sacrosanct to the Finns, being rarely brought up

for serious public debate. Vice-Adml Jan Klenberg, from next month the new Com-mander-in-Chief of the Finnish Defence Forces, said: "Finland has a clear obligation to main-tain control of her airspace.

The general political and military situation in Europe is so sensitive that Finland has no reason to reduce the size of its interceptor/fighter fleet. Europe would have to change significantly if Finland would ever embark on such a move."

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**FINANCIAL TIMES** 

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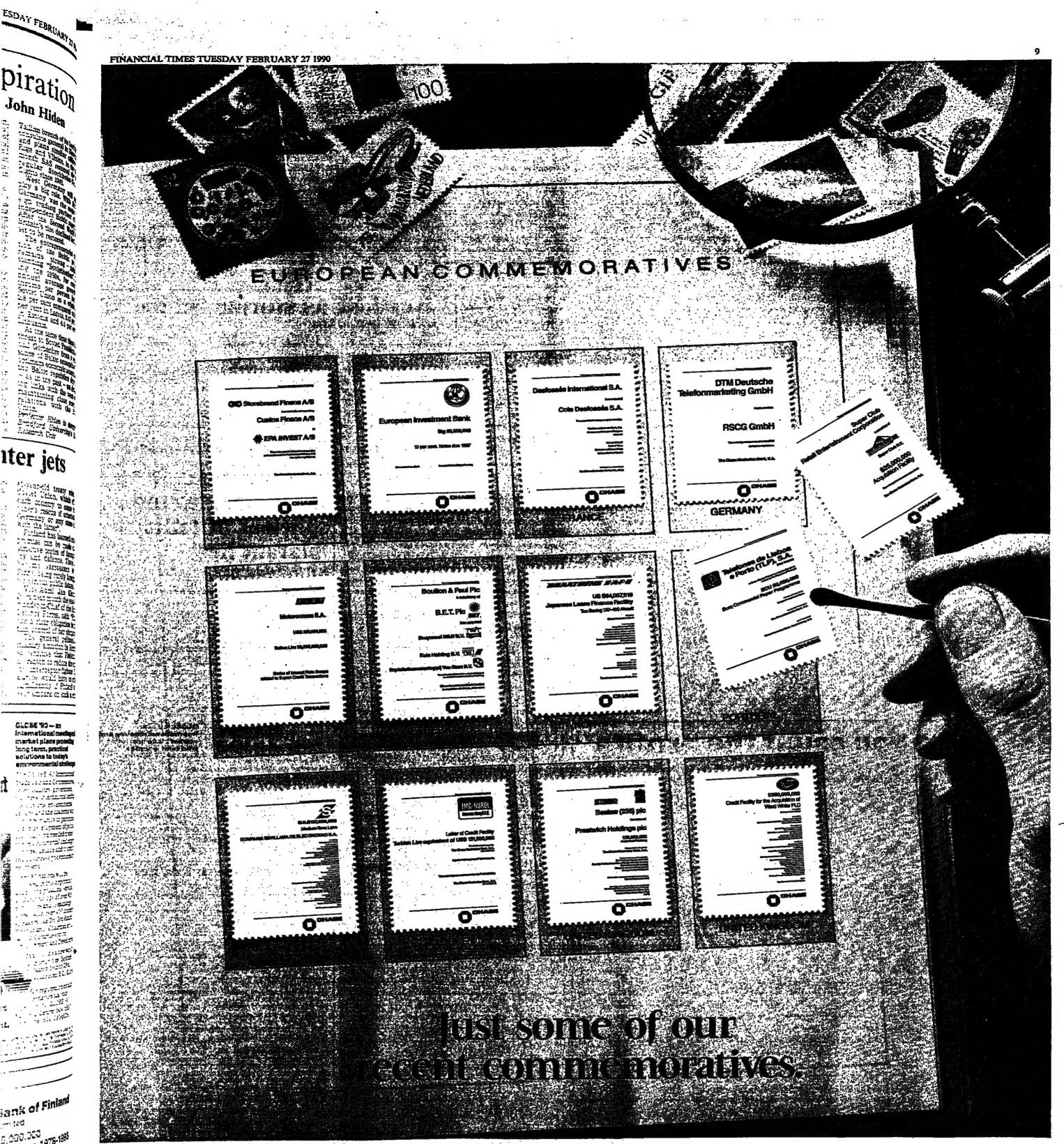
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All of which suggests that we're going to need a bigger album to commemorate 1990.

### **GM** unit wins battle over trainee

By Dlane Summers,

COMPANIES experiencing skill shortages, high staff turn-over and escalating training costs could follow the example of a computing company which yesterday won its battle to make an employee pay back the costs of his training after

he left the company.

Electronic Data Systems, the information technology services subsidiary of General Motors, is to receive £4,500 plus interest, from Mr Philip Hubble of Systems of Philip Hubble of

ble, a former employee.

Mr Hubble was ordered by the High Court three years ago to repay the money but subsequently won the right to appeal. However, judgement was yesterday entered at the High Court on behalf of EDS.

As a trainee systems engineer, Mr Hubble had signed a "promissory note" agreeing to pay \$4,500 if he left the commission of the commi

pany within three years of receiving training. He left in the first year but refused to pay the sum demanded.

The settlement yesterday makes it less likely that other companies wishing to set up similar schemes would be challenged in the courts. The prac-tice of penalising employees if they leave after training is more common in the US than

David Owen foreshadows demise of the SDP

# Doubt cast on future of **Social Democratic Party**

DR DAVID OWEN, the UK's Social Democratic Party leader, yesterday appeared to fore-shadow the final demise of his party as a national political force by acknowledging that he may not stand again for parlia-ment at the next general elec-

Dr Owen is the last remaining member in parliament of the original "Gang of Four" who led the breakaway from the main opposition Labour Party in 1981 with the aim of "breaking the mould" of Brit-

ish politics.
Since the party's acrimonious break with the former Liberal Party after the 1987 general election, the SDP has seen

a slump in its support.

He also raised the intriguing possibility that he could stap aside as SDP leader before the election if that would pave the way for a deal with the main expectation I show Party. opposition Labour Party.
Dr Owen said that he still thought that there was "a real

agree to an electoral pact with other opposition parties. He said that he remained convinced that Mr Neil Kinnock, the Labour leader could not defeat the Government

chance" that Labour would

David Owen

In those circumstances even the SDP's modest electoral support - currently put at about 4 per cent - could be crucial in tilting the balance against Mrs Margaret Thatcher. The price the SDP would demand was a clear commitment to propor-tional representation.

Dr Owen told the Financial Times, however, that he recog-nised that the the chances of such a deal at present appeared to be "odds against". If that proved the case he

shortage By Paul Betts, Aerospace Correspondent

his own political future was

undecided was seen by oppo-nents at Westminister as a

clear acknowledgment that the SDP's future was now in grave

Ms Rosie Barnes in Green-wich and Mr John Cartwright

in Woolwich - both face an

uphill task to retain their seats

in the general election.

scientists and engineers as well as skilled technicians is would have to consider his own political future. He added: "I think it is high time that this issue is faced... We have the totally emerging as one of the most pressing problems facing the future of the British aerospace

industry. The skill shortage coupled hidicrous situation of the oppo-sition parties fighting among with the run-down in research and development spending and the erosion of the industry's themselves and allowing the Conservatives to dominate the 1990s as they dominated the By the same token, if the personal "bile" directed at him by his former colleagues in the Labour Party was the principal hindrance to a deal between

Aerospace

faces skills

the erosion of the industry's competitiveness caused by high inflation, high interest rates and the high value of sterling risk undermining the overall export performance of the UK aerospace sector.

A report released yesterday by the PA Consulting Group for the Society of British Aerospace Companies (SBAC) highlights the concerns of an industry which has made a steady contribution to the UK's balance of payments.

The UK aerospace sector is the two parties then he would be ready to consider his posi-tion. "If I am the obstacle, then I can step aside", he said. The SDP leader said he believed that whatever his role he believed that the party would survive in some form. His admission, however, that

The UK aerospace sector is expected to show a trade surplus of £2.5bn last year complus of £2.5tm last year com-pared with a trade surplus of £1.7bn in 1988. But Mr Ivan Yates, the SBAC deputy presi-dent and head of engineering at British Aerospace, warned that skill shortages, declining R&D and concerns over the general financial environment were casting showdows over



Blackpool's Promenade, a famous British tourist attraction, is lashed during the gales

Lives lost as storms return

By John Authers and Jimmy Burns

January 25 which took 46 lives, weathermen said. They were caused by another deep degression moving in from the Atlan-tic, and were by last night moving across Northern

Europe.

Deaths were reported in Blackpool, in Lancashire,

AT LEAST 16 people died yesterday as 80 mph gales buffeted Northern Europe districting rail and feary services, and leaving many homes without power in Britain.

But the storms were not as fierce as the forceful winds of January 25 which took 46 lives, weethermen estid. They were

killed in suburpan Brusses, when a tree crashed on his car, and a worker was killed when the roof of the tourism office collapsed in Damme.

In Ireland, a gust blew a motoccyclist off the road and into a wall, killing him.

At Amsterdam's Schiphol

15 international flights as winds approached 75mph. Seven people were injured at a pre-Lenisn carnival calebration in the southern town of Beek when a huge tent was blown

down.

In the port of Antwerp, a river ship sank after a 15-ton crane dropped on to the vessel, injuring several people. All ships remained in port in Beliant Novik Seg harbours. gium's North Sea harbours.
Flooding hit parts of Devon,
Cornwall, Somerset and Black.

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### **GUINNESS TRIAL**

### Roux accuses top solicitor of telling 'blatant lies'

By Raymond Hughes, Law Courts Correspondent

MR OLIVIER ROUX, a former

MR OLIVIER ROUX, a former director of finance at Guinness, yesterday accused Sir David Napley, a leading solicitor, of having told him "blataut lies."

Giving evidence in the Guinness trial at Southwark Crown Court, Mr Roux also alleged that Sir David had leaked to the press a "concoted" statement which he had attributed to Mr Roux. to Mr Roux.

Mr Rouz said that Mr Ernest Saunders, then Guinness's chief executive, had asked him chief executive, had asked himto meet Sir David because MrSaunders wanted to persuade
Mr Roux that Sir David's firm,
Kingsley Napley, should
replace Freshfields as Guinhese soficitors.

Twas not in agreement with
that, Mr Roux said.
He said that at a meeting on
December 15 1986. Sir David

December 15 1986, Sir David had told him some histant

He alleged that Sir David had told him that Mr Hugh Peppiatt, senior partner at Freshfields, had indicated to Sir David that Freshfields, in reviewing its work for Guin-ness during the hid for Distill-ers, had some concern about advice given and that it was

perfectly natural that Fresh-fields should be replaced. Mr Roux said that he had

Mr Roux said that he had subsequently spoken to Mr Peppiatt himself "and that was a lie, a complete lie."

Mr Roux was giving evidence for the fifth day in the trial of Mr Saunders, Mr Gerald Rouson, chairman of the Heron group, Mr Anthony Perpise a City stockbroker and Parnes, a City stockbroker, and

Sir Jack Lyons, a financier. The four men have pleaded not gailty to 24 counts, including conspiracy, false account-ing and theft, arising out of the 1986 takeover battle by Guinness for the Distillers group. Mr Richard Ferguson, QC for Mr Saunders, suggested that Mr Roux was attacking Sir David Napley because he knew that Sir David's version of events differed materially from

his own. Mr Roux replied that Sir David had leaked a false, con-cocted statement about what Mr Roux had told him about the circumstances in which Guinness made an £7.6m interest-free deposit with the Henry Ansbacher merchant bank and Mr Saunders' knowledge of

that. Mr Ferguson: "So according to you this eminent solicitor first made up a false state-

Mr Roux: "Yes. Part of the statement was invented." Mr Ferguson: "And then he falsely attributed this state-ment to you?"

Mr Roux agreed. Mr Ferguson: This is a man who, to your knowledge, was an ex-president of the Law Society?"

Mr Roux 'I know he is a

man of eminent standing which is why I was most sur-

which is why I was most sur-prised."
Mr Ferguson suggested that Mr Roux had told Sir David Napley that, after the Distillers bid had been concluded, Mr Roux had learnt that Mergan Grenfell, the merchant Sank, through Mr Roger Seelig, had arranged for Ansbacher to pur-chase Guinness shares during the bid, which Ansbacher was then proposing to sell.

then proposing to sell.

Morgan Grenfell, Mr Ferguson suggested, had taken the view that if the shares were sold then it would depress

market. Mr Roux, who had earlier described the £7.6m deposit as a "quid pro quo" for Ansbacher not selling the Guinness shares at that time, said that had also been his view. He said he remembered talling Sir David Napley that Morgan Grenfell had said that, if Guinness deposited with Ansbacher a deposited with Ansbacher a sum equivalent to the cost of the shares, Ansbacher would

Guinness's share price in the

not sell. Mr Farguson suggested that Sir David Napley had expressly asked him, in Mr Saunders' presence, if he had discussed the arrangement with Mr

Mr Roux replied that he had said he had discussed it with Mr Saunders and that that reply had caused "great anguish" to Mr Saunders. Mr Ferguson suggested that

Mr Roux was trying to detract from Sir David's character to guard against the possibility of Sir David giving evidence against him.

Earlier, Mr Roux had spoken of the tactics to which he said Guinness had been subjected during its bid battle with Argyll for Distillers.
"It was our impression that

Argyll were actively persuad-ing people to sell Guinness shares to undermine Guinness's efforts and that what Argyll was doing was to sup-port its own shares — organis-ing the purchase of their own shares, their own support oper-ation."

Mr Ferguson asked him if he was saying that Guinness had been doing nothing more than what Argyll had been doing. "Is it your evidence that,

whatever Guinness did it did as a reaction to the activities of Argell?" Mr Ferguson asked.
Mr Roux: "My impression
was that Guinness needed a
support operation to counter what Argyll were doing, rather than the opposite."
Mr Ferguson asked if, when

Mr Roux approved invoices

Mr Ferguson asked if, when Mr Roux approved invoices and authorised payments of indemnities and success fees to those who had supported the Guimess bid, he had thought there was anything irregular or illegal about them.

No, Mr Roux replied. Had he thought there would be any problem he would have told Mr Saunders of his concern.

Why then, asked Mr Ferguson, had Mr Roux, as he claimed, sought Mr Saunders' approval for the payments?

Because, said Mr Roux, they had been huge payments for which "I sought the approval of my boss."

He agreed he had signed a letter sent by Guinness to the takeover panel stating that the purchaser of a block of 10m Distillers shares put on the market by Warburgs had not been associated with Guinness. He agreed that that letter had been misleading but said he had not known at the time that Mr Ward had arranged the purchase of the shares:

Mr Ferguson: "You knew it was a very important letter?"

Mr Ferguson: "What steps did you take to satisfy yoursets."

Mr Ferguson: "What steps did you take to satisfy yourself that the contents were true?"

Mr Roux replied that he assumed that the lawyers had prepared the letter after making proper inquiries and that everything that needed to be checked had been checked. The trial continues today

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Christian law should protect Islam, court told

# Moslems claim Rushdie book has cost 30 lives

MOSLEMS seeking to take Salman Rushdie to court under the blasphemy laws argued today that Islam was so closely related to Christianity that the laws must apply to both reli-

gions, PA reports.
The British Muslim Action Front asked three High Court judges to overrule a magistrate's refusal to issue blasphemy summonses against the author of The Satanic Verses and publishers Viking Penguin because the law related only to

the Christian faith. The Front's counsel, Mr Ali Azhar, said the Jewish faith was in effect protected since any attack on the Old Testament was considered to be an attack on Christianity. "Islam being so closely

related, my question is why cannot the same protection be accorded to the Holy Koran?". An attack on the Old Testament or the New Testament or ment or the New Testament of any prophets in those works should be considered to be an attack on the Holy Koran, and the Holy Koran deserves pro-

Jesus Christ was revered as a great prophet by Moslems, he said Islam accepted that Christ was a direct gift from God through a virgin birth,



Adbal Choudhury

lived peacefully in Britain for 150 years, but had now gone on to the streets in their thougands in protest at Mr Rush-die's "deeply insulting" book

ings to the British public and to the authorities that something must be done."

Mr Azhar, representing the Front's convenor Mr Abdal Choudhury, told a packed courtroom — which was surrounded by unprecedented security — that 30 people had lost their lives worldwide because of publication of The Satanic Verses.

Eleven died during demonstrations in Bombay, a further eight lost their lives in Lahore. Ten died in Kashmir and one

Ten died in Kashmir and one man was killed in Dakar.

Mr Azhar said The Satanic Verses "grossly outraged and deeply insulted the religious feelings of Moslems".

He claimed the book was abusive and insulting not only to Islam, but also to Christian ity and Judaism. Mr Azhar said the magis-

trate should have taken into account that the Old and New Testaments were both holy books to Moslems. The judges were handed a chart of all the apostles and prophets described in the Old Testament and in the Koran.

"You can quite clearly see that all the apostles and all the prophets described in the Old Testament and the Koran are

# BBC in talks to develop 'intelligent' domestic radio

By Raymond Snoddy

The BBC is in talks with a July 1987 and 17 other Euro-major international consumer pean countries also offer RDS major international consumer electronics company for a joint venture to produce an "intelligent" domestic radio set which can automatically tune itself to the strongest signal or find a particular type of programme.

The Corporation has been trying for some time to find a manufacturer to produce a spe-cial portable domestic radio under the BBC hadge for RDS

- radio data system. RDS involves broadcasting inaudible digital information alongside the normal radio sig-nal. The BBC has been broad-casting such information since

on a common standard. So far only RDS car radios with limited facilities are commercially available. Between 10,000 and 20,000 are estimated to be fitted to cars in the UK. Mr Marmaduke Hussey, chairman of the BBC, is an enthusi-astic user of the system.

First generation RDS car radios usually offer a digital station identification, the ability to automatically retune as a car moves from one transmit ter area to another and the ability to interrupt a broadcast with local travel news and a

grammes "I can't understand why

very accurate time signal.

Broadcasters can already offer a service capable of push-button selection of nine different categories of speech programmes and six different trace of music.

types of music.
According to Mr Johnny Beering, controller of BBC Badio I, who is responsible for Hadio I, who is responsible for the RDS project, manufactur-ers are lagging behind the broadcasters. When linked with a cassette an RDS radio would be capable of recording automatically particular pro-

manufacturers don't see the

notential of RDS," Mr Bearling said yesterday particularly as as the entire European market is available because of the common European specifica-

However, the manufacturer now talking to the BBC, which Mr Bearling said he could not name at this stage, is suggesting that domestic RDS radios could be on the market by could be on the market by Christmas

The aim is to have a joint venture in which the BBC will co-operate technically and will get a licence fee both for that and the use of the BBC name. Two RDS sets are being

envisaged, one at around 250 which would give station identification and push button tuning to the best available signal and the other for around £100 with a more sophisticated range of options.

• STC, the communications and information group, yesterday became the first European manufacturer to sign a deal

manufacturer to sign a deal with British Satellife Broadcasting to magnificature Squarials - flat aerials to pick up satellite television pictures.

STC is to provide an initial 50,000 aerials for its five-channel television service to be launched on April 29.

# a Fisherman's Friend

By Clay Harris, Consumer Industries Editor

HELLO and goodbye, sailor. Fisherman's Friend, the men-Fisherman's Friend, the met-thol and eucalyptus lozenge with a 125-year Lancashire heritage and a worldwide rep-ntation, has won a swift legal battle against Bosun's Mate, a would-be competitor from just down the road.

Lofthouse, the family-owned concern which has been mak-ing Fisherman's Friends in Fleetwood, Lancashire, since 1865, yesterday obtained a per-manent injunction in the High Court forbidding the sale of

Bosun's Mate, a lozenge which was to have been made by Fairmont Manufacturing, another Fleetwood company. Bosun's Mate was intended for the export market, which for the export market, which accounts for 80 per cent of Lof-thouse's annual turnover of £12m. In 1989, 3bn Fisherman's Friends were sold worldwide, with Italy and West Germany among the leading customers.

Lofthouse has already won a straight area in a West Germany.

similar case in a West German

### Bosun's Mate was not Institutions vote Greenwell top market maker of 1990 in UK gilts

By Simon Holberton, Economics Staff

GREENWELL Montagu significantly increased its pro-ficiency in the UK Government securities — gilts — market last year and has been voted top market maker of 1990, according to a survey of inves-tors conducted by Greenwich Associates, a US ratings

agency.
Greenwell, which came fourth last year, pushed Warburg Securities into second place. Barclays de Zoete Wedd retained its third place rank-ing, while UBS Phillips &

position. The Greenwich Associates surveyed 138 investment insti-tutions for what is regarded as one of the most detailed evaluone of the most detailed evaluations of the performance of securities houses in London.

The survey, which reportedly sells for \$20,000 is regarded by dealers as important for highlighting the strengths and weaknesses of their operations.

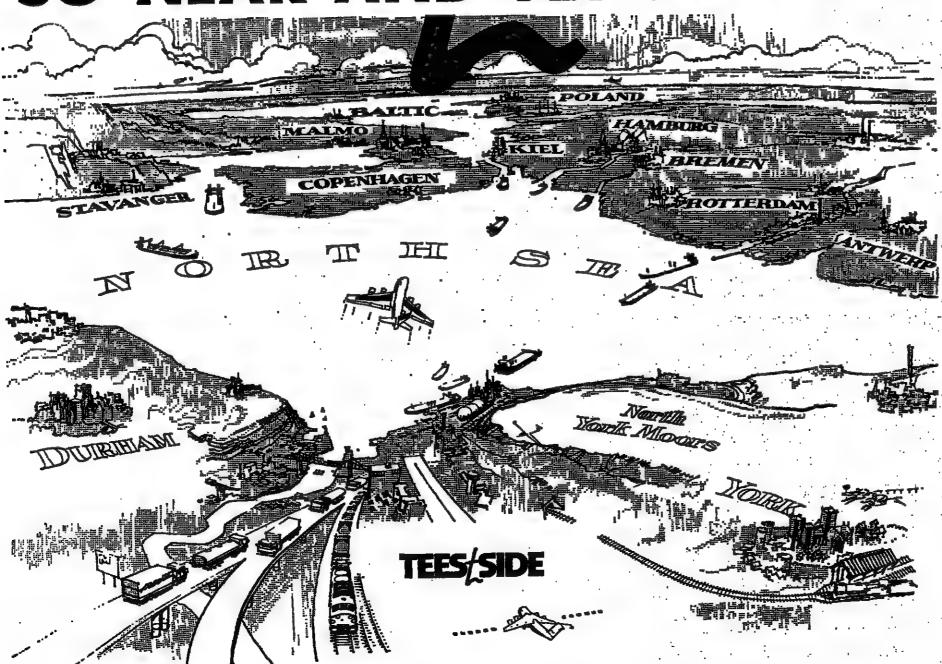
Among the top dealers, Greenwell was rated first for

Drew, which came second last its ability to make competitive year, was relegated to fourth markets in gills promptly, and to deal in large amounts of short, medium and long-dated, stocks. In research capability, the gilt-edged market appears to be dominated by Greenwell

and Warburg.
The survey underlines the segmentation in the gilts market. The top four were each nominated by about 100 institutions for a place in the top ten. The remaining seven dealers were nominated by 40 to 60 institutions for the top 10. institutions for the top 10.

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Initiative Talent Ability



"Three Graces": the statue that UK is keen to keep

### Minister keen to keep. "Graces" in Britain

By Antony Thorncroft

THE Minister for the Arts, Mr Richard Luce, is expected to amnounce in the next few days

amnounce in the next few days
that he is extending the export
stop on Canova's sculpture of
the "Three Graces".

It has been sold for 27.6m. to
the Getty Museum in Malibu,
California, and an appeal
organised by the Victoria &
Albert Museum to raise a organised by the victoria as Albert Museum to raise a matching sum by March 12, to keep it in the UK, has only produced £330,000.

Mr Luce is keen to keep tha statue, which was commis-sioned in 1819 by the Duke of Bedford for his sculuture court

Redford for his sculpture court at Woburn, in the country. He is examining various proposals, including a suggestion by the merchant bunker Mr Jacob Rothschild that he should buy the statue and offset the cost against the Capital Tax owed on the estate of his aunt, Dorothy de Rothschild, who died in 1988, leaving an estate valued at £92.8m.

There is nothing in the "in lieu proposals, which allows the Treasury to accept works of art to offset capital taxes, to prevent such a deal, although, by tradition, the Treasury only sets aside £10m a year to cover such agreements. But Mr Luce is also consider-

ing other proposals, which are believed to include an offer by Mr Rothschild to make a subfor the sculpture, thus reduc-ing the tax loss to the Trea-sury. It is also possible that the Government will increase its as yet unannounced 1990-91 grant to the Neticeral Heritage grant to the National Heritage Fund, the main watchdog of the national art treasures.

### Further blow for timeshare **UK** watchdog By Alan Cane

THE future of the Timeshare Developers Association (TDA), established only three years ago to set standards and protect the integrity of the trou-bled timeshare industry, is looking increasingly in doubt following the resignation of a second significant member.

Wimpey Leisure, a subsid-iary of the George Wimpey construction group operating timeshare developments in the umenhare developments in the UK and Spain and a founder member of the association, said it was pulling out following a review of its "relevance to existing and potential custom-

existing and percentage of the less

the industry of the worst excesses of some of the less responsible operators.

The TDA responded yesterday by calling on the Office of Fair Trading, which is investigating the high-pressure selling methods used by some companies, to bring forward publication of recommendations for control of the industions for control of the indus-try based on self-regulation and existing consumer protecUS disc drive maker plans Scottish plant

By James Buxton, Scottish Correspondent

CONNER Peripherals, the US company which is one of the world's leading makers of computer disk drives, is expected shortly to announce that it is to set up a large manufacturing operation in Scotland. It is understood that the California-based company will initially start manufacturing at a plant at Irvine in Ayrshire. The company may later move on to a different permanent location.

Eventually it could amploy as many as 1,400 people.

The value of the investment is not known, but the project could be one of the more important inward investments which Scotland has secured in recent years.

The world disk drive industry is dominated by US companies which manufacture both in the US and in the Far East.

Rodime, the Scottish-based disk drive maker, has moved its volume manufacturing abroad.

It decided to locate in Singa-

abroad.

It decided to locate in Singapore: moving from its plants in
Glenrothes, Scotland, and Boca
Raton, Florida, because of
lower production costs in the

Industry: crumbs of comfort despite bleak outlook

na: bld for 1996 Olympics

Tourism: upmarket drive Wine: a switch towards

CONTENTS

KEY FACTS

ing countries 17.1, Asia 1.8, Middle East 7.3 Import sources (%: 1988) ...EC 82.9 (West Germany 21.1, Italy 13.9, France 8.4, UK 5.6), developing countries 19.2, Asia 3.7,

Foreign policy: the Turkish

# FINANCIAL TIMES SURVEY



Political uncertainty is the economy's main infrastructural problem, according to a leading Greek

industrialist. Drastic action is needed to cut public spending, but no political party seems likely to gain a clear victory in the April elections, writes Robert Mauthner

Old warlords

in deadlock







New Democracy party leader Constantine Milastaids (top left) is pitted against Andre Among those waiting in the wings to take over as party leaders are Milliades Evert (above, left) and Costan Simific (above, right)

GREECE

FORTY YEARS of bitter political had finally reached political matustrife since the end of the 1940s rity in its modern incarnation. That interpretation; though not without an eight-month-long stalemate, obliging yesterday's mortal enemies to adopt unaccustomed postures of concernation.

Postures, however, they have remained. After two inconclusive elections in June and November last year, and with a third election within only 10 months due in April, the Greeks have confirmed the dictum of their illustrious ancestor, Aristotle, that man is by nature a

Aristotle, that man is by nature a political animal,

When it came to taking urgent remedial action to set the increasingly debt-ridden and over-regulated economy on a more healthy course, the political leaders reverted to type and abandoned the districtions are researched indicators in distressing economic indicators in favour of their potential voters.

The formation of a coalition govarment after last year's June elec-tion by Mr Constantine Mitsotalis's centre-right New Democracy Party, and the Alliance of the Left, made up of Greece's orthodox Communist Party and other left-wing groups, was an unprecedented event which sent shock waves through the

nation,
it was presented as a sign that
the deep rifts and hitter hostility of
the civil war had at last been overcome and that Greece, the mother
of democracy in the ancient world,

a tiny grain of truth, was only a small part of the story, however.

New Democracy, though it had defeated Mr Andreas Papandreou's Pan-Hellenic Socialist Movement (Pasok), fell several seast short of an absolute majority in the 500 cent

an absolute majority in the 300-seat parliament and had to find a coalition partner to form a government.
But neither Mr Mitsotakis's party,
nor the Alliance of the Left, both of
which had concentrated their campaigns on a hitter condemnation of the scandals allegedly involving Mr Papandreou, such as the \$200m (£130m) Bank of Crete embezzlement and political phone-tapping affairs, could envisage teaming up with the Socialist leader. The "unholy" right-left coalition which ensued was therefore a mar-

riage of convenience, the overriding purpose of which was to arraign Mr Papandreou before the courts and to organise new elections. It was never on the cards that the arrangement could last more than a few months or solve the country's serious economic problems.

ous economic problems.
Unfortunately for Greece, the subsequent election, held at the beginning of November, produced another hung parliament, with New Democracy again falling tantalisingly short by three seats of an absolute majority. The Alliance of

the Left paid the predictable price of its exclusive flatson with Mr Mit-sotakis by losing one-quarter of its parliamentary seats and was not going to be tempted into repeating the experience.

The Government which eventu-ally emerged was almost as un-Greek as its immediate predecessors. A so-called "ecumenical" coali-tion of all three main political groups, headed by a prestigious non-political Prime Minister, the 85-year-old former Central Bank Governor and eminent economist, Professor Xenophon Zolotas, it was composed of both politicians and technocrats.

But the seeds of its destruction lay in the fact that none of the party leaders participated directly in the Government. Instead, they continued to control affairs from behind the scenes, meeting. regularly to try to co-ordinate or torpedo policies, and master-minding their nominees in the Cabinet like marionettes.

"Yes, we have a national consensus," one prominent politician said as the Zolotas experience was in its death throse. "It is a consensus to do nothing." That cynical remark nevertheless sums up the feeling of many dedicated politicians and offcials, whose frustration at the failure by any government over the past two years to deal with the country's most pressing problems is

often expressed in angry outbursts even to foreign visitors. Mr Zolotas can certainly not be

blamed personally for that failure. Once known as "Mr Austerity" for his efforts as Governor of the Bank of Greece to implement a conservative government's economic stabilisation plan, Mr Zolotas did his utmost to concentrate his Cabinet's mind on the harsh medicine demanded to cure the country's economic ills.

Given the inevitability of another election in April, however, no party was willing to accept even joint authorship of most of the unpopular measures which everyone privately agreed were required. Only a mining mum programme of price increases in the public sector has been implemented and the three parties finally withdrew their ministers from the withdrew their ministers from the Government two weeks ago — typically because of disagreements over military patronage and tax reform. In the words of Mr Stellos Argyros, the long-suffering President of the Federation of Greek Industries, whether the because "political uncertainty has become the number one infrastructural problem of the economy."

Even Mr Papandreou - an economist of some repute himself, though he rarely allowed economic criteria to water down his socialist policies
– finally adopted a stabilisation
plan in 1986, which lasted for two years. Yet though it succeeded in sharply reducing the huge govern-ment deficit and nearly halving the rate of inflation, it was relaxed much too early to have a lasting

dire straits, as the latest OECD survey of the Greek economy, published at the beginning of this month, underlines in unusually clear terms. After registering one of the worst performances in the OECD area over the past decade, Greece will have to finance a public sector borrowing requirement (PSBR) of close to 22 per cent of GDP in 1990, while inflation is fore-cast to rise once again to 17 per cent, between three and four times the average of the western industrialised nations. At the same time, the economy is expected to grow by only 1.5 to 2 per cent, which will not, however, prevent the current external deficit from once again reaching at least \$2.5bn, or 5 per cent of \$2.5bn. cent of GDP.

Whatever government emerges after the April election will have to take drastic action to cut public spending and increase the state's revenues. On the expenditure side, the measures should include the selling off of siling companies already in the hands of the Indus-trial Reconstruction Organisation, with total liabilities of Dr250hn, the abolition or sharp reduction of the large panoply of industrial invest-

ment subsidies and a complete overhaul of the over-generous public pension system.
On the revenue side, experts all

Total debt .

Rise in export volume . Rise in import volume

agree that a fundamental reform of the tax system - broadening the tax base to include the presently exempted farming sector and bring-ing in tough measures to counter tax evasion - is urgently required.

Whether any party is prepared to grasp all these painful political nettles must remain very doubtful on the evidence of past behaviour. To do so with impunity, it would have to win a substantial majority at the party of the country to win a substantial majority at the next election, and this is an unlikely prospect. According to the latest public opinion polls, New Democracy's support has fallen marginally below the 46 per cent it polled in November, while Pasok may have picked up a percentage point or two and the Alliance of the Left has lost a couple of points.

These findings appear to point to

These findings appear to point to another hung parliament, which would be a real disaster, given the bold economic decisions required.

Firm leadership is also called for by the external situation. Fears are already growing in Athens that Turkey is taking advantage of the political vacuum in Greece to foment unrest among the 130,000-strong ethnic Turkish community in Western Thrace and to soft-pedal proposed solutions of the Cyprus problem. At the same time, the

ferment on Greece's borders in ferment on Greece's borders in Yugoslavia and, perhaps in the near inture, in Albania, as well as the need to negotiate a new Defence and Economic Co-operation Agreement with the US – extended by the caretaker government for only six months – all require strong and stable government

..(1989, est.) \$24.66bn, (1986) \$23.51bn ...............(1989) 45.7, (1988) 44.9

petroleum products \$1.82bn ......(1989) 7.5%, (1988) 2.3% ......(1989) 8.4%, (1988) 3.5%

stable government.
Failing a clear victory by either of the two main political parties — the most likely outcome — a "grand coalition" between them might be the second best answer. Pasok has not completely ruled out a coalition with New Democracy, especially if the 71-year-old Mr Mitsotakis should throw in the sponge after so many unsuccessful attempts to win the crown. But Mr Papandreou, at the same age and after his major heart operation, may also soon come under pressure from his party, which has not always appreciated

There is no shortage of younger men to take their place: in the case of New Democracy, the 51-year-old Mr Miltiades Evert, the Mayor of Athens, and for Pasok, Mr Costas Similar and Mr Costas Simitis and Mr George Gennimatas, former and present National Econ-omy Ministers. The retirement of one or both of the old warlords, who have been at each other's throats for 25 years, may be the only way to give Greece the new political and economic impetus that it so desper-

# IT'S NOT JUST ANOTHER



UESDAY FEBRUARYA

Of the Party

ne that IK is keen to be keen to ke in Britain

US disc diff maker plan Scottish plat AS THE 1990s get under way, there has been a change in the attitude of Greek shipowners. More sophisticated, more wary, those who survived the 1980s shipping crisis are diver-sifying their investments. The days of improvised operations are past and owners have become more management ori-ented, many moving to a cor-porate structure and away from traditional tight family

controls. They have been among the leaders in public flotations to raise finance; computerisation and econometric models have become part of their daily jargon. For many years the term
"Greek shipping" conjured up
images of private jets, palatial
island homes and the very public private lives of some major

names of the 1950s and 1960s. But the hundreds of ex-masters who got together with family and friends to buy a first ship and slowly to grow into medium-sized shipping companies were not the food of gossip columns. To a great extent their efforts achieved what is often called the "Greek miracle," building the Greek merchant fleet to vast proportions and a dominant worldwide position as they became the taxi-drivers of the seas.

By 1981 the Greek-flag fleet totalled almost 4,000 vessels of some 42m gross registered tons. But in the early 1980s a crisis hit the shipping industry worldwide and undercapital-

# Shipowners fight back

ised companies began to fold or, at best, to juggle debts, res-chedule loans and look for ways of cutting costs.
A change of flag was often
the solution, taking Greek-

owned tonnage into other reg-

Government blamed for poor

telecommunications

isters, though remaining under home management. Today the Greek-flag fleet has fallen below 2,000 ships and totals just under 21m tons gross, but according to recent figures, the Greek-owned fleet worldwide holds first place in the ranks, at 80m deadweight tonnes. Diversification is not some-

thing new to the Greek shipowners, but has been intensi-fied by the lessons learned during the crisis. Investment in the tourism sector predomi-nates and moves are also being made into the agricultural and food processing sectors by some owners who see this as a future safeguard against mar-ket fluctuations in shipping.

Shipowners have also sunk large investments into Greek radio and television stations, as well as newspapers. Banking is another sector where

ing is another sector where shipping companies, which have built up exceptionally high hquidity through timely sales of vessels, have turned to invest their money.

Besides the recent buyout of the long-inoperative Bank of Chios by three shipping groups, Vardinoyannis, Livanos and Goulandris, which awaits Central Bank approval, banking operations are also awars Central Bank approval, banking operations are also being launched by the Maya-mar group which admits it made "large profits" on the sale of some 16 vessels over the past couple of years.

A third group in the banking stakes is John Latsis, the ahi-powner and entrepreneur, which opened a private bank

in London last year. The significant number of The significant number of Greek vessels sold, many of which have passed into Norwegian hands, is not attributed by the owners to any desire to get out of shipping, but rather as a form of asset play at which they have considerable which they have cons

successive governments' failures to provide the services required by shipping companies, both Greek and foreign.

"Telecommunications? What

While Greece tries to pull itself out of its political and economic quagmire, its shi-

between the proceeded at their own pace,
Seven changes of shipping ministers during the eight years of Socialist Government and two more under the coalition administrations which have ruled since June have resulted in a confusion of mea-sures and failure to woo Greek-owned ships back to the national colours. So the Greek shipping community has done what it always did best it has evaluated and used the opportunities available in the international shipping markets.

confident that when market prices come down, the Greeks will be back in as buyers. The replacement of the age-ing world fleet has been a

source of concern to the indus-try and raising public finance try and raising public financ-ing is a frequently-mooted solution to the problem. Although flotations have been launched by at least three Greek groups, small and medi-um-sized owners see difficul-ties in fleet replacement in the coming decade, with freight rates unable to justify new con-struction

The emerging profile is one of owners less shackled by ties of patriotism than they were in the past and more determined to be an international force. Shipping earnings in foreign exchange have always been a major prop for the Greek econ-omy, but after a healthy upturn when the market

revived in the late 1980s, they see again beginning to decline.
After slipping to \$1bn in 1985, revenues picked up again to \$1.38m in 1988. But by last November carnings were registering a 22 per cent drop on

the 1968 figure.
Mr Stathis Gourdomichalls, sident of the Union of Greek streament of the thirds of Greek Shipowners, lashed out recently at the state for being unable to keep up with the, pace of developments in the shipping industry. To a large degree, he attributed the drop in foreign currency inflows to

telecommunications?" Mr Gourdomichalis said, noting the Piracus offices ask their overseas bureaux to call them because lines are more reliable and charges cheeper from the US or Britain

YUGOSLAVIA

**FOREIGN POLICY** 

# The Turks that won't go away

Whether it is the inture of Cyprus, ethnic minorities in Greece and Turkey, Greece's stormy relations with the US since 1945, Athens' Nato policy or its attitude to the European Community, all have important Turkish components.

tant Turkish components.

Cyprus remains the touchstone for Greece's relations
with Turkey and, to some
extent, with other countries.
Until this problem is solved to
the satisfaction of the Greek
community in the taland and
the Government in Athens,
relations will remain tenes relations will remain tense,

relations will remain tense, spilling over into other issues.

Though some Greeks would admit that Turkey was provoked in 1974 by a coup against Archbishop Makarios engineered by the Colonels, none accepts that justified a military invasion of the northern part of the island, least of all a unilateral declaration of a "Northern Republic of Cyprus."

ern Republic of Cyprus."

At one point, hopes were high that the dialogue between Athens and Ankara inaugurated by the meeting in Davos in January 1983 of Mr Andreas Papandreou and Mr Turgut Creek them respectively Greek Ozal, then respectively Greek and Turkish Prime Ministers, would lead to a breakthrough

on the Cyprus problem. However, the ambitiously named "spirit of Davos" is no more. Greece has been phraged into political crises since June last year and has failed to pro-duce a durable and authorita-tive leader of the Papanireou. stamp as a negotiating partner with the Turks. Indeed, Greek officials now accuse Ankara of seems a political vacuum in Athens to foment unrest among ethnic Turks in West-

On the substance of the problem, too, it is difficult to see any progress in the respective positions of the Greek and Turkish Cyndot communities, or their patrons in Athens and Ankara. Both sides accept a bi-zonal federation in principle. But President George Vassilion But President George Vassilion of Cyprus wants to see the principle of freedom of move-ment and settlement for all cit-izens enshrined in the new

TURKEY RUNS like a thread through all aspects of Greek foreign policy and there is hardly a problem which has not been found in Athens to have a Turkish angle.

Whether it is the finine of the Turkish invalidation. It is doubtful, to say the least, that Mr Rauf Denktash, the Turkish Cypriot leader, would ever contemplate the idea that 200,000 Greek Cypriots, who field to the south at the time of the Turkish invalidation.

sion, should be allowed to return to their pre-1974 homes. Nor are there any signs of movement on the sensitive issue of the timing of the with-drawal of Turkish troops, which the Greek Cypriots want to see pulled out before any new federal constitution comes into effect. Indeed, Mr Denk-tash is believed in Athens not to want a settlement at all

which will undermine his posi-tion as "president" of the northern part of the island. Intractable as the Cyprus problem is, there is a school of thought which believes that there can be a deal between Athens and Ankara in which Turkey would adopt a more flexible position if the Greeks agreed to support Turkey's application for membership of the European Community.

This capacity to use mem-bership of international organisations as a bargaining platform was at least partly responsible for Mr Papandreou's change of heart about the EC and Nato during his premiership. An economically beleaguered Pasok Govern-ment could not fall to be influenced by the material advantages accruing to Greece as a result of its EC membership.

Last year, for instance, net transfers from the EC were equal to the country's whole current account deficit and made up more than one-third of its total invisible receipts. The political clout which membership of the EC has given. Greece in its dealings with Turkey was also an important factor in the former Prime Min-ister's thinking.

What is true of the EC is equally relevant to Greece's Nato membership, it was Mr. Constantine Karamanlis, the former Centre-Right Greek Prime Minister, who withdrew Greece from the military wing of Nato in the aftermath of the second Turkish offensive in Cyprus in Angust 1974. But Mr Papandreou, in spite of his party's ideological opposition to the western military blocand his emphasis on national independence, maintained

Greece's membership in the Alliance. He rightly saw that it would be to the military and diplomatic disadvantage of Greece to be outside Nato, while Turkey was inside and could much more effectively lobby the US and all the other members on disputes with Greece in the Aegean and else-where, to say nothing of mili-tary aid. Athens has always

> Political crises have extinguished the "spirit of Davos"

insisted that the ratio of 7:10 applied by the US to aid to Greece and Turkey respec-

tively was inviolable.

The thought that Washington might favour Turkey at the Greek governments through-out the post-war period. It was partly responsible for the ambiguous attitude adopted by Mr Papandreon bowards the US, a country where he had spent much of his adult life. The Greek Left has not forgotten that US intervention in the civil war in 1947 ensured the

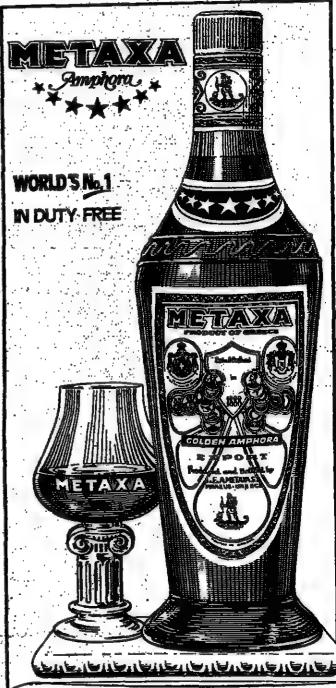
victory of the Right and the defeat of the Communists and has always resented what was perceived as the patron/client relationship imposed by Washington subsequently.

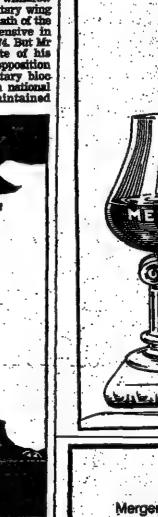
Almost as a punishment, Mr Papandreou never ceased to harass the US over its military bases in Graece which, in the

harass the US over its military bases in Greece which, in theory, he wanted to see removed. Yet, in practice, agreement was always reached at the last minute on the conditions under which they would be allowed to stay. It was, to say the least, ironic that the US decided unlaterally and unexpectedly at the beginning of this year to close two out of four military bases in Greece as part of a world-wide economy plan. Not world-wide economy plan. Not a few Greek politicians who had fought for decades to achieve such a result felt cheated that they had had no

part in it!
Forty years after the end of Greece's civil war, it seems as if relations with the US have at last entered calmer waters. The same, unfortunately, canwith Greece's hereditary foe,

Robert Mauthner





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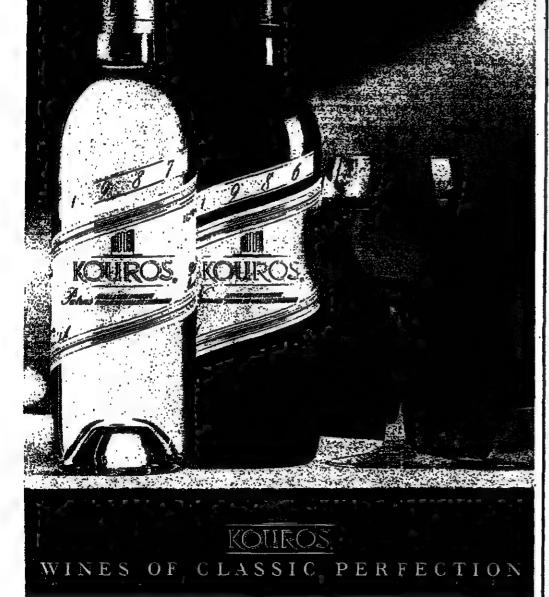
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40 Stadiou Street, GR - 102 52 Athens Telephone: (01) 326,0000, Telefax: (01) 325,5421, Telex: 218691 CCB GR . Robert Mauthner explains why the economy is in a mess

### Reforms that politicians shun

THE GREEKS, who spend much of their lives arguing with each other, and foreigners are at least agreed on one thing their economy is in a mess. The political stalemate of the last few months has meant that urgent economic policy decisions have been postponed or side-stepped, with little regard to the rapid deteri-

SCAY FEBRUARY 3 1/4

oration of the economy.

The Paris-based OECD, not an organisation famed for calling a spade a spade, this month published an unusually hardphintages an unusually narchitting survey of the Greek economy, which underlined the serious problems that would have to be tackled by any government emerging from next April's elections.

After 30 years of substantially faster growth than the OECD average, Greece's performance during the present decade is deemed to have been one of the worst of any OECD member country. It has only just started to tackle the struc-tural problems which are at the root of its poor record, even though its entry into the European Community as a full member in 1981 should have provided a strong impetus to take action a long time ago. Greek and international

economists agree that far-reaching reforms of the large state-controlled industrial sector, accounting for nearly 70 per cent of GDP, as well as the tax and social security systems, are urgently required to reduce the spiralling public deficit and inflation and make the economy competitive.

Meanwhile, the short and

medium-term outlook is bleak.
The growth of GDP is expected to fall to below 2 per cent in 1990 from about 3 per cent last year, while inflation is forecast to rise to 17 per cent, two to three percentage points higher than in 1989, and more than three times the OECD average. The current external deficit, which started to deteriorate in the spring of 1989 is likely to remain at about 5 per cent of GDP this year. But, worst of all, the public sector borrowing requirement (PSBR), which rose to 21.5 per cent of GDP

last year, is expected to main-tain its upward trend.

The burden of financing the public debt which, astonishingly, now totals the country's entire GDP, has become unsustainable. Public expenditure

Mary and reserved to the second of the secon

	1984-88	1989	1990*
rivate consumption	22	3.0	2.0
exerpment consumption	25	5.0	3.2
udd investment	0.2	8.4	2.4
ital demestic demandi	1,9	5.5	2.4
ports of goods and services	9.6	4.0	5.2
sports of goods and services	9.8	8.0	6,2
reign belancet	-0.1	-1.8	-0.7
XP reservet pricessi	1.0	1.4	1.5
oductivity growth	1.2		1.3
employment rate.	7.6	7.8	8.6
erage earnings	16.6	10.5	19.1
on deflators			
Private consumption	17.4	74.1	16.8
GDP	18.0	14.8	16.8
	Percenta	ge of	GDF
BR, cash basis	15.4	21.5	21.8
neral government delicit	:		
net lending, accrual basis)	13.2	18,8	10.0
rrent external deficit	4.7	4.7	4.8

ist Government found difficult

to swallow, given that it

depended on the votes of workers who had borne the brunt of

The subsequent relaxation of tight budgetary and incomes policies in 1987 permitted a revival of economic activity

and employment, but it came too early for the gains made in

the preceding two years to be consolidated. Above all, the Government failed to meet its

own target for PSBR cuts and

made little attempt to set in train the fundamental struc-

tural reforms which were

required to achieve sustained, non-inflationary growth. The reforms have been iden-

tified repeatedly in both national and international

studies on the Greek economy.

To bring down the public defi-cit, expenditure cuts will have

to be made in the public sector employment bill, the public pension system and subsidies

to business and industry.

public services and industrie

declare employees redundant. Since 1980, the annual rate of

wags indexation system, onte apart from increasingly being seen as no more than a floor for actual wags increases, and thus serving to fuel inflation,

the austerity measures.

ment revenue increased. Crisis measures, such as issuing a 12
per cent one-year index-linked
Ecu bond to cover the large
January deficit, can be
employed once or twice but they do not provide a long-term solution.

The tragedy is that, a little more than four years ago, the

GDP is expected to fall, as inflation and the PSBR go up

Socialist Government of Mr Andreas Papandreou, which ing on social welfare and pub-lic sector employment, at last appeared to grasp the nettle. A two-year stabilisation pro-gramme, introduced in October 1985, succeeded in bringing down inflation from 22 to 12 per cent in two years, reducing the PSBR from 18 to 13 per cent and lowering the current account deficit from 10 per cent of GDP to 2.7 per cent

over the same period.

The programme also had the effect of stimulating private investment, improving the profitability of manufacturing enterprises, stabilising the external debt and reducing the growth of public sector employment. But the restoration of the economy's competitiveness through a sharp reduction in unit labour costs inevitably had a downside. Real wages fell by 11 per cent, a development which a Socialled to a compression of salary scales which has undermined the recruitment of more quali-fled staff.

The public pension scheme is a particularly sensitive area, but no economic analysts doubt that it has to be over-hauled. Expenditure in this area has now reached a le area has now reached a level of 15 per cent of GDP, which is the highest ratio in the OECD after Haly. Real average pen-sions and the number of pensions and the number of pen-sioners have increased four times faster than real average earnings and the deficit of the pension scheme increased to 9 per cent of GDP last year from only about 1 per cent in 1980. The contribution period for a full pension is relatively short and many people are able to retire at 55, or even earlier. Another priority area for reform is to reduce the indus-

trial subsidies and public sup-port given to so-called "prob-lematic enterprises", or alling companies, which in terms of GDP, are among the highest in the OECD area. State grants and interest-rate subsidies and interest-rate subsidies amount to about two-thirds of the value of approved investment projects, equivalent to as much as 3 per cent of GDP. Though the onigoing administration has begun to tackle the problem of the inefficient and debt-ridden companies. 44 of debt-ridden companies, 44 of which were transferred to an Industrial Reconstruction Organisation in 1984, none of the 28 "viable" companies singled out for complete or partial privatisation have yet been sold off.

Much, too, needs to be done on the revenue side of the pub-ic balance sheet if the PSBR is to be brought down. Tax evasion is rife in Greece and the "black" economy is estimated to account for 30 to 40 per cent of CDP.

Tax allowances are unduly

Overmanning is a particularly scute problem in many generous and farmers are comand labour regulations make it extremely difficult — in some cases virtually impossible — to pictely exempt from paying tax. The fight against fraud alone is a mammoth task, requiring the recruitment of qualified inspectors, who must be given the necessary legal growth of the real wages of growth of the real wages of government employees was about three times as fast as that for employees in the pri-vate sector. Moreover, the ATA tools to verify tax declarations. At the root of all Greece's aconomic troubles has been the lack of political will to deal with these problems. It is not difficult for politicisms to iden-tify the remedies, but it is much harder to put them into

THE TREND towards rapid liberalisation of the Greek banking system, so evident in the past few years, has slowed markedly in recent months in the face of continuing political uncertainty and a worsening

In fact, some bankers and businessmen say they are finding it difficult to take full advantage of existing deseguiation as the public sector swallows up an increasing share of available financial resources. Efforts this year to shrink by three percentage points the public sector borrowing requirement, which in 1989 ched a record 21.5 per cent of GDP, are utilikely to succeed unless the Government that takes power after the April 8 election imposes firm measures

to restrict public spending and increase tax revenue Mr Dimitris Halikias, the Governor of the Bank of Greece, points out: "Savings are scarcely enough to meet the borrowing needs of the public sector and leave very lit-tle room for financing invest-

ment in the private sector. "Given the large public sec-tor deficit, monetary and exchange rate policy are the only ways of imposing some discipline on the economy."

Domestic credit expansion to the private sector rose steeply last year following the lifting of credit restrictions on import finance in the autumn of 1988. Importers stockpiled both con-sumer and trade goods in apparent anticipation of a swifter depreciation of the drachma. At the same time, companies sought drachma loans from local banks in preference to borrowing abroad.

The Bank of Greece finally intervened last November in order to restrict private sector credit expansion to 20 per cent for the year. Banks which allowed credit to rise above 5 per cent for the final quarter of 1989 were required to place amounts totalling 25 per cent of the extra credit in non-inter-

est bearing deposits with the central bank. Coupled with higher interest on treasury bills and govern-ment bonds, the move helped send interest rates upwards. Basic lending rate now averages 25.5 per cent for short-term working capital and some rates have reached 28 per cent. The cost of borrowing is

immening and that trend is at to continue, says Mr Halikias. "We already have the highest real interest rates in the OECD. But it is only when the public sector deficit is brought under control that it will be possible to relax monetary pol-icy and reduce interest rates."

GREECE'S TOP BANKS: 1988 (\$m) Profits ratio (%) 46 26,125 1 National Bank 877 2.6 2 Agricultural Bank 7.2 26 5,667 3 Hellenic Industrial Developmt Bank 2,535 443 17.5 6,227 4 Commercial Bank 225 3.6 E Credit Bank 30 3,141 Mational Mortgage 3.857

### BANKING

### Interest rates soar

Deregulation has brought a greater reliance on market instruments rather than the the past. Now only the mini-mum savings deposit rate is set by the Bank of Greece, along with lending rates for small and medium-sized enterprises and some housing loans handled by the state-owned Mort-gage Bank.

The Bank of Greece has also abolished a long-standing sys-tem of obligatory reserve-rebates on bank loans which aimed at levelling out the ent types of loan. As a result, almost Dr 110bn was released. But interest rates are still influenced to some extent by the central bank's requirement

that 39 per cent of deposits be held in Treasury bills and another 10.5 per cent be ear-marked for financing public sector activities. Another 10 per cent is reserved for subsidised loans to small and medium-sized enterprises. Greece's economic difficul-

ties have also caused a delay in setting up a forward market in foreign exchange, although Mr Halikias says it will be introduced later this year. The Government had to ask its European Community partners for a six-month delay in liberalis-ing the outflow of investment capital, for fear of triggering a massive flight of capital. Another six-month extension is

likely to be sought in June. The problem of modernising the aluggish, overstaffed state-controlled banking sector is looming as the single market of 1992 approaches. The Bank of Greece report for 1988 notes: The pressure of competition is the only means of developing an efficient credit system able to cope with conditions emerging from the integration of financial markets in the Com-

munity." The 22 foreign banks operat-

The 22 foreign banks operating in Greece are expanding their activities, partly because they can respond more flexibly to opportunities offered by liberalisation. Their return on equity is currently more than four times the average of the state-owned three banks.

At the National Bank of At the National Bank of Greece, which controls the bulk of the state banks' 80 per cent share of the market,

Foreign banks can respond more flexibly

to the opportunities

reforms to boost productivity

and improve customer services are moving slowly in order to avoid antagonising the powerful bank employees' union. But energetic efforts are under way to restructure its portfolio and promote connections abroad.

We're in the process of set ting up a modern treasury and dealing room, but we're bemmed in by bureaucracy which slows us down conside ably by comparison with non-state banks, says Professor

state banks," says Professor Dimitris Germides, the Gover-nor of the National Bank. As part of its portfolio over-haul, the National Bank has approved the sale of the Bank of Chios to a group of Greek shipowners in the first privati-pation of a Greek bank accordsation of a Greek bank, according to Prof Germides. The state-owned French bank, Credit Agricole, is considering the purchase of a holding in a National Bank subsidiary, the National Investment Bank for Industrial Development, which is increasing its capitalisation.

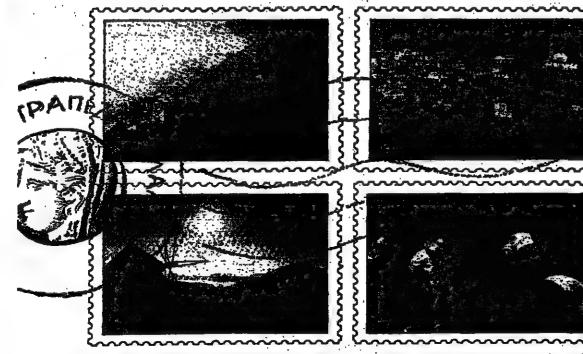
Little is heard these days of the embezzlement scandal at the Bank of Crete, which helped bring down the Social-Papandreou, the former Prime Minister, last year. Mr Ioannis Kamaras, the Bank of Greece's temporary commissioner there. has established that Dr34bn disappeared as a result of ille-gal activities by its former owner, Mr George Koskotas, who is awaiting extradition from the US. Of that sum, all but Dr3bn has been traced to accounts in Greece and abroad

has so far been returned, but it will take the courts several years to pursue the remain-der," Mr Kamaras says. Private deposits have returned to the Bank of Crete at a steady rate recently, while a ministerial decision on its future ownership is awaited. The Bank of Greece provided a 12-year loan of Dr25bn at 5 per cent interest and waived the compulsory reserve requirement for the Bank of Crete until 1994. Public sector enterprises, several of whose ex-directors are accused of siphoning off funds deposited at the bank, chipped in with a five-year Dr7.5bn loan at 17.5 per cent.

Meanwhile, the Bank of Greece has tightened up auditing procedures, introducing measures to verify management methods and requiring the banks to report more regu-

larly. To make sure there is no repetition of the Koskotas affair, new legislation on bank secrecy was passed last autumn, lifting confidentiality in case of criminal investiga-tion and setting strict rules for

Kerin Hope

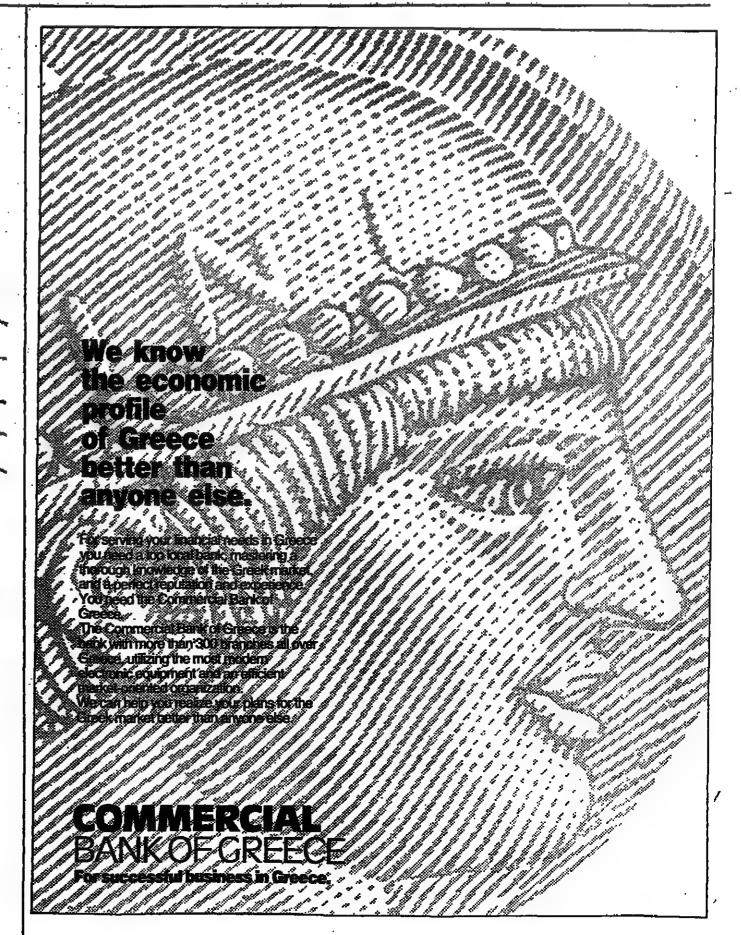


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# The scientific side of Crete

Daidalos, who escaped from Crete on wings of feathers and wax and later found himself designing hot water systems for the King of Sicily, could be called the founder of a tradi-tion that Greek scientists must go abroad to find research opportunities and win profes-sional recognition.

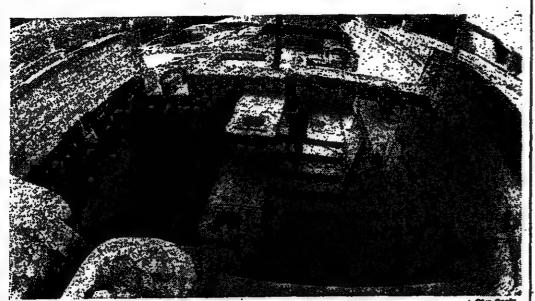
Lack of state funding, the intensely political atmosphere at Greek universities where appointments often reflect patronage rather than ability, and a reluctance by industrial companies to plough profits into research and development are among the reasons cited by

researchers who emigrate.
The former Socialist Government tried to reverse the brain ment tried to reverse the brain drain by founding a cabinet-level secretariat for research and technology, but it came up with few practical incentives to bring home some of the esti-mated 3,000 Greeks who work at universities and research

It was left to Dr Fotis Kafatos, a Cretan-born biology pro-fessor at Harvard, to devise a way through the bureaucratic labyrinth resulting in the establishment, under the secre-tariat's auspices, of seven research institutes around the

trively as the Foundation for Research and Technology Hel-las (Forth), focus on basic and applied research. They are administered independently from the state-run universities, which makes it easier to attract researchers and funds, says Dr Kafatos. Four of the hattings are in Heraklion (a couple of miles from the Minoan palace of Knossos where Daidalos worked), mak-ing up the Research Centre of Crete. They concentrate on molecular biology, laser phys-ics, applied mathematics and computer science. Much of their activity is devoted to developing high-tech products for use in Greece and abroad.

Despite the lack of scientific infrastructure on an island whose main industries are agriculture and tourism, in the past six years the centre has attracted well-regarded Greek researchers and generated funds from abroad. "We've tried to create a scientific environment that will encourage Greeks to come back and work



and at the same time be suited to training a new generation of researchers," says Dr Kafatos, the centre's director who, like several of its scientists, com-bines a job in the US with working in Crete.

The research staff currently numbers 76, of whom 54 also hold university posts, many at the University of Crete which acted as a launch-pad for the centre, as well as 100 graduate students. Its 1989 budget was \$11m, of which \$6m came from the Greek Government and the remainder from European Community and other international research programmes, along with some \$500,000 from sales of products and services. Funding from the EC, including the Esprit and Brite programmes, doubled in 1989 to \$3.37m. Closer links with the

BC would bring more foreign scientists to work in Crete and help build what Dr Kafatos calls "the critical mass and the international horizon necessary to ensure our long-term survival and development."

One obstacle to swift expansion is that salaries in Crete are only one-quarter of the US average for scientists of similar calibre. Another is the feeling of isolation that comes from living far from the European scientific community, although the centre has access to data-networking technology and is linked with the European Aca-

demic and Research Network.
"It's true you have to be an ideologist, even a bit of a ideologist, even a mt of a romantic, to come and work here. But we do get several trips a year abroad to help keep in touch," says Dr Siffis Papamatheakis of the Molecular Riology Institute. To help compensate, there are plans to seek EC research grants so that salaries can be raised at least to the Western European

average.

A developing market for the centre's high-technology products will also contribute: one molecular biology research group has developed a preg-nancy test for cows that is already available to Greek vets and could soon be sold abroad. Another group produces enzymes and monoclonal antibodies for use by other researchers. Two companies are being set up to handle mar-heting and sales.

"It's not like being in California: we have to create the business climate and the devel-opment context ourselves," Dr Prograthenia says.

The centre's most advanced spin-off operation so far is its least technological one: the Mitos company which organises conferences, workshops and summer schools on Crete. However, the Institute of Electronic Structure and Leser, with four two of the art lateratories, already co-operates

with more than 80 Greek and Western European companies, and 80 per cent of its budget comes from non-government sources, its Laser Applications Laboratory has a business ori-entation, offering services and expertise in laser cutting and unifice treatment for availant materials, including fabrics and plastics as well as metals. The Institute for Applied

Mathematics is creating a data base for business and tourist information about Crete, as well as working on underwater acoustics in co-operation with companies abroad.

Activities at the Computer

Science Institute, which also focuses on applied research and meeting local technological needs, range from research on artificial intelligence to establishing a company to pro-vide systems for processing medical information.

medical information.

"We probably try to do more than we should But we need to attract projects with high added value so that our relative geographical isolation doesn't matter," says Dr Eleftherios Economou, Forth's director. The next step, he says, will be to create a science and technology park outside Herakiion with assistance from the EC's regional fund, which will underpin the centre's activities "through building solid links between research and production." and production."

### INDUSTRY

# **Small crumbs** of comfort

A RECENT survey of the top 500 European companies does not include a single Greek company, although six Turkish ones are listed.

\*\*Theodore Papalexopoulos, chairman of a big cament company and former president of the Federation of Greek Industries. The

By Western European stan-dards, almost all Greek compa-nies are small or medium-sized. The largest employs 7,000 peo-ple, while only 36 firms have more than 1,000 employees.

Their share in the European market is tiny, amounting to 1.26 per cent of total produc-tion. The Greek textiles indus-try, the most important sector, accounts for 4.2 per cent. But it is not just the small size of Greek industrial companies that will make it hard to com-pete in the single European market. The likelihood that economic conditions will remain difficult and the con-tinuing expansion of the state sector at the expense of private industry will also have a nega-tive effect on growth in the early 1990s, analysis say.

Greek and international economic research bodies, the state-owned companies con-tinue to grow - in defiance of EC directives on unfair compe-tition. The state-owned Hellenic Telecommunications Organisation (OTE) recently

organisation (OTE) recently decided not to award licences to any outside companies for setting up and operating mobile telephones networks.

"Although private industry is ready, willing and able to give battle for 1992, the negative macroeconomic considerations are a major symbling. ations are a major stumbling

tions have awakened Greek

tions have awakened Greek travel agents and tourism offi-cials to the possibility that sev-eral lean years may its ahead. The Greek tourist industry, while paying lip-service to the idea of attracting high-quality,

free spending visitors, had grown used to a steady flow of package jourists in search of

little more than sun and sea.

plus plenty of chesp wine. But if there is to be a shift in

the 1990s towards long-haul holidays, competition for the

grow fiercer. For Greece, a new emphasis on advertising and

an improvement in services are priorities in the battle to retain its market share and at the

same time increase revenues.

Professor Marios Rafael, who

heads the National Tourist Organisation (NTO), says that in 1981 about 5.5m tourists spent \$25m in Greece, yet by the end of the decade the num-

bers had risen to 8m, while income grew only marginally. "Our problem is the effective

encourage renovation of exist-ing ones, especially where hotel density is high."

Foreign investment in hotels and resort complexes is encouraged but political uncer-tioning may come delays until

tainties may cause delays until 1992 when the European single

market will remove many of the bureaucratic obstacles.

More than 20 large hotels are already being offered as take-over prospects, including some on the perennially popular islands of Corfu and Rhodes.

Japanèse potential investors re showing interest in some

recent political instability and the unresolved future of the

state-controlled companies which belong to the Organisa-tion for Industrial Reconstruction (IRO) inhibit private company directors from embarking on the much-needed modernisation and transformation of large parts of industry.
While the IRO was originally while the isto was trightny set up on a temporary basis — two years after the Socialists came to power in 1981 — so as to re-organise firms, inject fresh capital when necessary and wind up unproductive companies, most firms it took under its wing are still doing badly. The IRO took over management of 44 companies, with total liabilities of Dr 250hn. A

few have been sold off at aucearly 1990s, analysis say.

Despite warnings against further state expansion from reversed their debt through compulsory increases of capital from existing shareholders such as the state-owned banks, and through conversion of debt into equity.

Professor George Yannopoulos, the IRO chairman, hopes

that over the next few months some of the 28 IRO companies rated as viable will be bought by Greek and foreign investors. Financial profiles of several companies have been circulated to potential buyers.

These companies include the Heracles Cement; Eteks, a big engineering company; a large

cent last year. The Greek state carrier, Olympic Airways, is

inaugurating a weekly Tokyo

ted to play a role in boosting

Japanese arrivals this summer. Specialised tours, confer-

ences and incentive packages are often mentioned as ways of increasing high-quality tour-ism. More than 100 interna-

tional conferences are held in

Athens every year, but the incentives merket is small. Like the cruise sector, it area hit when the US State Depart.

TOURISM

**Upmarket drive** 

erranean bookings and the rise Japanese visitors, though still in popularity of exotic destinations have swelvered as a small, rose by sixty.

Athens department store; and Olympic Marine, a pleasure boat builder. Foreign banks and financial institutions including Morgan Stanley, Baring Brothers and Citicorp have had consultations with senior government officials and Mr. Kenophor Zolotas, the Prima Minister, on financing purchases of IRO companies.

The overall outlook for industry until 1992 appears bleak Industrial production in 1989 grew only 2 per cent,

1989 grew only 2 per cent, down from 5.2 per cent in 1988, according to the independent Institute of Economic and Industrial Research. Steep production rises in 1988 came after several years of declining out-put and reflected a growth in demand following the relaxation of the austerity pro-gramme of 1986-87. Fears are being voiced that output this year may show a decline.

Foreign investment, espe-cially from West Germany and cially from West Germany and Japan, may now bypass Greece in favour of Eastern Europe, according to Mr Stelios Argy-ros, the federation president, not just because of larger mar-kets and more attractive opportunities there but also as a result of the prevailing eco-nomic climate in Greece

But he believes Greek industry does have some advantages. "The average small size of Greek industries leaves room for spectacular growth, much faster than that of well-established European industries. Whatever the size, technology driven companies that nology-driven companies that improve product quality, pro-cessing capabilities and exploit the scope for business in the large European market are bound to succeed."

Costis Stambolis

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ATHENS - GREECE

### **RESULTS**

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### ERGOBANK

5, Evripidou Street. Athens - GREECE

ment advised in 1985 against visiting Greece because of the danger of terrorist attacks. Mr Byron Argyris, a travel agent who specialises in incentive tours, says the market is showing signs of recovery. "We expect a 30 per cent increase in business this year. That will take us back to 1984 levels. There are also encouraging indications that the

developing," he says.

Cruise bookings for 1990
have also picked up. Again the
emphasis is on growing Euro-

European incentives market is

SOUTHEASTERN



O. BASIC STUDIES (PES), TWO YEAR PROGRAM



SOUTHEASTERN COLLEGE is an affiliate mamber of the American Society for Engineering Education, and of the

# **PUBLIC POWER CORPORATION**



Total installed capacity of Greece's interconnected grid is

8.000 MW.

Of this total, 6,700 MW are generated by stations operating mainly in the lignite-rich Ptolemais region of northern Greece. Another 2,300 MW is generated by hydropower stations in other parts of the country.

The photograph above shows the thermal-electric station of Agios Dimitrios in Ptolemais with a total installed capacity of 1,220 MW, producing 7.3 billion KWHs per annum.

WHEN THE trickle of wine imports from other European Community members becomes a flood, Mr Vassilis Kourtakis, a third-constration wins-maker, is determined that Greek vin-

SOAY FEBRUARY NAME

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Wine has always been taken for granted in Greece, grown in family vineyards and dis-pensed from a barrel in the terns are changing as bottled wine replaces the barrel vari-ety and retsina, the traditional Greek white wine with a pineresin flavour, gives way to more sophisticated vintages.

The country's large wine-making companies are focusing on improving and standar-dising quality as they expand the range of bottled wines. Marketing strategies have become more important, while developing exports is seen as essential for survival in the

single European market It's hard to move in another choice. Better organised production and improved exports will be crucial," says Mr Kourtakis. His company is Greece's biggest retsina bottler, but has also launched three white WINE

### Switch toward sophistication

According to a recent study y the Institute for Economic and Industrial Research, a private group. Greek vines are older and less truttful than most others in southern

French and italian bottles are starting to appear on Athens supermarket shelves

Europe. The small size of vineyards and high transport costs also contribute to making Greece the least efficient wine producer in the Community. Production averages shout 4.5m hectolitres a year, representing almost 2.5 per cent of total EC output and only one-third is bottled, according to

VAT rate of 6 per cent is applied to bottled wines. But prices are expected to rise between 18 and 40 per cent after 1982 Greece cut tariffs on imported Community wines last year and French and Italian bottles are starting to appear on Athens supermarket

We expect the northern European wine market to open up further after 1982, but competition will be intense. For small independent producers, like those in Greece, the key will be to find the right niche." says Mr Kourtakis, who also serves as chairman of the EC advisory committee on wine.

An enthusiastic cenclogist An enthusiastic conclogist with 10 years' experience in France, he says that experimenting with imported vines and introducing new technology is the way to capitalise on Greece's natural advantages of soil and climate "which mean that a huge diversity of wines can be produced in a small geographic area.

To improve quality, Mr

To improve quality, Mr Kourtakis has introduced new French vines to growers in the Ritsona district north of Athens where he has built a-state-of-the-art winery using cold pressing and fermentation Cold fermentation extracts

the aroma and preserves it, so

the wine has more taste and a more complex bouquet. It is not usually done in Greece because there is too much sun. For Greek producers, the export markets are dominated by West Germany — where the expatriate community provides a base for steadily improving sales — and Italy. Mr Kourtakis says his wines do surprisingly well in Canada, where they are included among the three leading imported labels.

### OLYMPIC GAMES

# Contemporary halo of grandeur

aristocrat, a Greek millionaire with a taste for building in marble, a group of American college athletes and a sturdy Greek farmer and you have the Olympian (or Olympic)

Baron Pierre de Coubertin eventually chose Athens rather than the original site of Olympia in southern Greece as the right place to revive what he called "the halo of grandeur and glory that is the patron-age of classical antiquity."

But apart from the track and field events, the sports he selected were thoroughly contemporary; fencing, cycling, gymnastics, swimming and even lawn tennis.

The setting was a horse-shoe shaped stadium on what was then the outskirts of Athens which could hold more than half the city's population of about 130,800.

Mr George Averoff, a mer-chant from the Greek community in Egypt, made a bid for immortality by paying for its marble on the foundations of soon became known as the Pan-Athenaic stadium and Mr Averoff is remembered instead for buying a warship for the

Foreign creditors would never have stood for wasting money on sports

Greek navy. Tickets were cheap, though more expensive for the tiers closest to the royal box, where a galaxy of Balkan royalty was ited and, contrary to and practice, women were able to watch, but not to participate. The Greek Government

refused to provide any funds on the grounds that the country's foreign debt was so enormous that creditors abroad would never stand for wasting Money on sports. But some taxes did get

waived and an issue of com-memorative stamps brought in 400,900 drachmas, which was enough to pay for several torch-lit processions and gas floodlighting for the city cen-tre during the 10 days of fee-

It was clear from the outset

that the Americans would have no trouble winning the track and field events, although no records were set - perhaps because of the biustery, showery March weather. Tom Burks of Boston wonthe 100 metres in 12 seconds Robert Garrett of Princeton picked up a discus for the first time and beat the Greek champion's best throw by seven inches. The spectators took it

well, however, and cheered as

the Stars and Stripes was

explained the superiority of the Americans on the ground that they joined to the inher-ited sthletic training of the Angio-Saxon the wild impetu-ocity of the American Indian. Another, having observed the use of chewing gum, informed an eager public that the Amer-icans had great endurance because they chewed pitch to strengthen their lungs," Bur-

But Greek pride was salvaged when Spyridon Loues, a 25-year-old farmer, won the 25-year-old farmer, won the first-ever marathon race. He covered the 26 miles from the ancient battlefield to Athens in 2 hours 58 minutes, including a stop for a glass of wine.

Avalanches of applause came crashing down; the King

of Greece so far forgets his royal dignity as to rip the visor from his royal cap in waving it like mad; tears of joy are shed; doves to which long white ribbons are attached are locall and flutter in the air; all Athens atters a triumphant shout," Holmes wrote of the scene at the fin-Germans won the gymnastic events, Eungarians and Ans-

trians (competing separately) the swimming. The two Brit-ish victories came in lawn tennis, played on a dusty court bedds the columns of the tem-ple of Olympian Zeus, and in an event mysteriously described as Lifting the Weight with One Hand. KH

Kerin Hope looks at how the city's problems might be solved

# A chance to save Athens

THE NEIGHBGURHOODS of Athens, encircling the Acropolis and spilling across the Attica plain, stand as monuments to the vicinsitudes of nodern Greek history and the failed hopes of generations of city planners.

To the north, sleaning white

villas, many still under construction, climb the slopes of Mount Penteli in districts claimed by people who grew rich during Socialist rule in the 1990s, Suburbs nearer the centre filled up under earlier

Conservative governments.
Western Athens, however, is an ugly sprawl of concrete apartment blocks, interspersed with scrawny olive trees. They were built by villagers who flocked to the city in the uno flocked to the cary in the 1950s and 1960s as industry developed around the port of Piracus. Roads, water and electricity were added later. Towards Mount Hymettus to the east, houses built for refu-ment from the Acia Miner disea-

gees from the Asia Minor disaster in 1922 are still occupied, while better-off Greeks from Istanbul settled in seaside suborbs to the south.

Athens swelled from 2m residents in 1960 to 3.5m by the early 1980s when the influx prosperity in the provinces and growing awareness of the city's problems of air pollution,

overcrowding and congestion. Despite incentives for decen tralisation, 47 per cent of Greek industry and 50 per cent of commercial activity is still concentrated in Greater Athens, according to the Enviroment Ministry.

The planners' calls for ring roads, playgrounds and parks were ignored during the construction boom, leaving the city with by far the smallest amount of green space, about 3 per cent, of any European

in some districts, population density approaches that of

Hong Kong. The brown layer of smog known as the nefos (Greek for cloud) that hovers over the city in still weather is the most obvious sign of the city's afflic-tions. Athenians blame the nefos for everything from heart attacks to irritability and

Although dust and sulphur levels in the atmosphere have been reduced, amounts of smoke and nitrogen rise above



**European Community safety** limits on more than 40 days a year. Factories cut production and traffic is further restricted but it still takes a stiff northerly breeze to disperse the

The current master plan for Athens, drawn up a decade ago, was revised in 1985 and transformed into a law pledging to "improve the quality of life and protect the environ-ment, stabilise and eventually reduce the number of res dents, saleguard historical monuments and decentralise

But the Organisation for Athens, set up to co-ordinate its application, suffers from a chronic lack of funding, according to Mr Vassilis Haris

, its director. "I plead and argue with different ministries, and some things get done, such as tree-

planting and pedestrian areas. But the most serious problem is traffic and the big plans must be put into effect — the east-west highway and the Metro - for there to be real improvement," he says.

Vehicle emissions are held responsible for over 50 per cent of air pollution in the city centre. Buses and overworked taxis pour out black exhaust fumes, and few of the city's 700,000 private cars, which circulate on alternate days according to their numberplates, are fitted with catalytic converters.

Two years ago, the midday siesta was abolished and abops started working through the day in order to cut out two of the four weekday rush-hours. However, pollution levels showed little change. New measures under consideration

and a plan to extend the single underground line have been around for years. But if Athens succeeds in its bid to stage the 1996 centennial Olympic Games, the city's transport problems may at last be solved.

Getting the Olympics is the best chance we'll ever have to save Athens. It'll be like fighting a war: there will be money and an incentive, says Mr

Athens and Melbourne are considered leading contenders in a field that also includes and Belgrade. The decision is to be made by the International Olympic Committee in

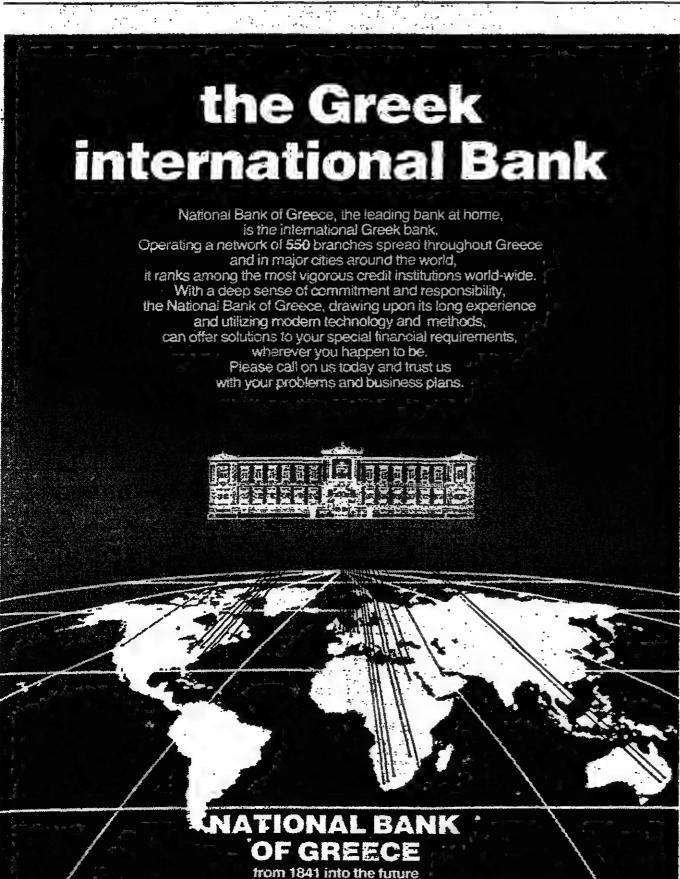
The first modern Olympics, organised by Baron Pierre de Coubertin, were held in a rebuilt ancient stadium in central Athens, used now for pop Greek bid for what is billed locally as "the Golden Olympics" is based on new sports facilities in Piraeus and northern Athens, which are already nearing completion since Athens will host next year's Mediterranean Games

"With almost all the athlet-ics installations in place, we'll be concentrating on transport and other infrastructure projects which will obviously be of long-term benefit to the city," says Mr Christos Kour-tis, an architect and planner who helped prepare the Athens

European Community funding will be available for the major projects, expected to cost \$2bn. The \$1.1bn Metro plan calls for two new lines. totalling 18 kilometres, with a showpiece central station beneath Constitution Square.

The west-east highway will link a new airport at Spata, outside Athens, with the Olympic village to the northwest, which will later house 10,000 Athenians.

A huge archaeological park is to be created in the city centre, stretching from the Acropolis hill to the stadium ed for the 1896 Games. It will include a new museum for the sculptures from the Acropolis temples, in which a gallery is to remain empty in the hope that Britain will one day send back the Rigin Marbles.





### TECHNOLOGY

Richard Waters reports on the next leap forward for London's electronic stock market, starting with an upgrade of Topic

# A Grand Vision of the way to leave the maze

opic, the International Stock Exchange's share price and com-pany news information service, was 99.91 per cent reliable last year - equivalent to being operational for all but

34 seconds each day.

That may sound impressive. But it has not won the exchange many friends in the stock market, where a system failure (especially if it occurs when market activity is at a peak) causes intense frustration. Hence the revamp of the 12-year-old Topic, which begins this week. The aim is to improve the system's reliabil-

ity and the range of services.

The belated Topic upgrade is part of an overhaul of the exchange's systems which is likely to stretch over several years. This represents the second big phase of development of the electronic market; the

first followed Big Bang in 1986. The advance has all the hall-marks of a Grand Vision. Its begetters' aim is to revamp and tie together the exchange's var-ious services to present a fully coherent market to users. Such Grand Visions have a habit of costing large amounts of money and involving customers in extensive (and expensive) systems developments of

Yet the exchange insists that its plan can be achieved with little disruption to users of the market, and will actually deliver savings as inefficien cles in the existing scramble of systems are eradicated.

The Topic system has been run since its inception on 10 minimation. At present, prices are updated only every 50 seconds one develops a fault, days before Big Bang when

another can be swung into operation to ensure continuity of service — but only after a 5 to 10-minute break to allow for the change. From Thursday, the exchange hopes these breaks will be a thing of the past as it transfers Topic to a new Stratus fault-tolerant

A second cause of frustration has been the delays which often occur in processing share price quotes at times of peak activity. Despite the general flatness of the stock market since the crash of 1987, the peaks of activity get bigger and bigger. The record came last December, when market makers at one stage were in-putting 1,800 quotes a minute into

With a capacity of 1,300 quotes a minute, Topic has been unable to cope. Delays of a couple of minutes have developed as quotes have crowded to get through too narrow a gateway and out to Topic users. This frequently leaves the exchange with little option but to declare what is known as a "fast market", under which market makers are no longer obliged to deal at the prices which appear on screen. The new Topic can handle 2,000 quotes a minute "comfortably", the exchange says. After July, the capacity will rise again when three Stratus machines are in operation.

Besides these changes, Topic is due to get a facelift in the

Screens will carry real-time

exchange officials toured the market floor collecting prices to be put into the system, lead-ing to inevitable delays. Alter-natively, users have been able to press \*\* on their keyboards to have the most up-to-date

prices displayed.

Users will be able to create their own composite pages on screen - for instance showing a number of "yellow strip" or best prices at the same time on a single page. This will be done either from a new control ter-minal, which will be able to handle at least 16 screens, or by making requests directly to the exchange's systems staff.

• It will be possible to create limit minders, which will warn the user when a pre-set ceiling or floor for a share price has

been reached.

• A new Topic screen will be available on which it will be possible to display four pages at once. However, users will be able to keep their existing tar-

minals if they prefer.

The plan to re-engineer all the electronic services, of which the Topic upgrade is a part, is an important element of the exchange's push to strengthen its position as Europe's leading stock market. George Hayter, the market's director of services, is clear about the aim: "To build the most effective, best system in Europe" for handling every-thing from in-putting quotes to settling bargains. Until now, the market's ser-vices have been developed

vices have been developed piecemeal in response to imme-diate demand. The result, says Charley Cusack, systems devel-opment director, is that the market's users have to input

the same information about a bargain into a range of differ-ent systems, none of which are compatible.

compatible.

The exchange aims to replace this scramble with an integrated range of services delivered through a single-communication link. According to this plan, first expressed last year in a paper called the Way Forward on Trading Services, all broadcast services would be delivered through one channel — Topic — while one channel - Topic - while the market's users would be linked to the exchange's interactive IDN network, enabling the processing of bargains to take place without the existing duplication.
An example of the electronic

maze through which informa-tion passes is the routing of quotes from market-makers. At one level, this is straightforward: UK equity prices are fed by market-makers into Seaq, the electronic trading system developed at the time of Big Bang, and then passed directly to Topic for dissemination to the system's 15,000 users.

Would that it were all so simple. Quotes for interna-tional equities traded on Seaq International do not go into the Seaq system, but are fed instead into Epic, a separate

These quotes are then passed forward to a system known as CES, then to a Data General machine which builds them into pages and, finally, to Topic Each stage brings the risk of bottlenecks or computer

Confusing the picture is that 200 of the exchange's largest customers, using around 17,000



"WE MUST BE GETTING NEAR THE STOCK EXCHANGE."

screens between them, take screens between them, take their information in computer-readable form from CBS rather than from Topic. To get to these people, domestic equity prices are diverted from Seaq to Epic before reaching CBS.

And these are not the only delivery channels. Some users — such as quota vendors like - such as quote vendors like Reuters - can take raw price data straight from Seaq

Making Topic the sole route for broadcast information is now a high priority. The exchange is also working on eliminating the UK/interna-

through a service known as

tional divide, possibly by switching Seaq International

straight on to the machines that currently handle Seaq. The Grand Vision of a single communication link with mar-ket users is a landable one, but is it achievable without considerable cost? More pertinently, doesn't the exchange's curren tangle of systems suggest that it lacks the capability to take on a grand strategy like this

and win?

Hayter strongly defends the exchange from such charges of incompetence. The disparsite array of systems was developed, under time and cost constraints, to meet plecameal demands, he says. At the time of Big Bang there was still a of Big Bang, there was still a possibility that much of the market would remain on the stock exchange floor, so there was no perceived need for an injurying alertropic market.

misgrated electronic market.

He also rejects as a "myth"
the commonly expressed view
that the exchange's staff have
a poor record on hig technological developments. Projects such as Seaq wers achieved within budget and on time, he says, while Taurus, the long-delayed paperless settlement system, has been held up by political rather than technical resolutions.

makes much these days of its use of outside firms when working on particular projects: The design for the Topic upgrade was prepared by Soft-ware Sciences (the exchange is still in the process of choosing an outside firm to build the new system). Similarly, its new Regulatory News Service, to be launched towards the end of the year, is being developed by

Logica.

A parallel concern of the market's users is likely to be the implications for their own systems. Many are already struggling with updating their back office operations, a process likely to take a number of years as Taurus is brought into years as Taurus is brought into operation. Will they be forced into even greater systems costs - at a time of squeezed profit-ability in the market - in

response to a centrally imposed Grand Vision?

The answer from the exchange is a resounding "no".

Users will not be forced to adopt it says but sell have the adapt, it says, but will have the choice, for the time being, of maintaining their existing links with the exchange. According to Hayter: "We don't believe în revolutions – we want to take the whole market forward gradually."

### Instant response to faults

DIGITAL Equipment Corporation, the US minicomputer manufacturer is tooking to consolidate its grip on the banking and financial services market with the launch of its first "fault-tolerant" computer

These computers, sold by companies such as Stratus and Tandem, of the US, are designed for applications where even a belief break in performance is unacceptable. They switch operations from one piece of hardware to another instantly when a fault occurs. Digital Equipment's Vax-ft 3000, model 310, will be available from this

To go with the machines. o go wan the machines,
Digital has announced
software designed for the sort
of transactions carried out
in the retail and banking
fields. Digital's distributed transaction manager (Dec-DTM) software has been written for companies which need to update databases on sites around the world. Aithough fault-tolerant computer systems are designed to avoid any "down-time", incidents such as the San Francisco earthquake and flooding in the UK frave decenstrated that disasters — whether they be natural or man made, such as a bomb — often cannot be withstood by electronic

be withstood by electronic equipment.

To ensure a rapid resumption of business.

Nexus Payment Systems, of Welwyn Garden City, and Cap-RS, of Walton-on-Thames, have

launched the first disast recovery service for Stratus and Stratus-compatible computer systems. Customers will have

Immediate access to Stratus equipment which can be mamed by the company's

### Paper that can keep a secret

HOW DO YOU prevent your photocopied or sent to commercial rivels by lessimfle?

The answer is to use peper, but until now that he been usually been a derk colour which can be

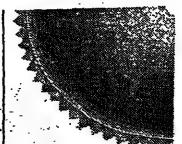
offputing.
The Canadian company,
Nocopi, has developed a
security paper which looks
like white business paper. Sections to be kept secret — either the whole docume

The lak in the pen is cle but it reacts with the coeff on the sheet to reveal an in the paper. When photocopied or faxed, the light sensors in the machiare confused by the pattern and transmit a black line,

rather than the numbers. Although Sawk & Dunn, of London, are marketing the paper and pen system as an UK as a way of preventing the photocopying of sensitive documents, they also believe it could have br applications. If a chaque: for example, were printed on the paper, simply running the pen across the surface would reveal the in-built patiern and so help to prevent cheque

### A sweet discovery

A NATURAL sweetener that both cuts the calories and can be used as a food ng agent sounds too good to be true. Yet a substance pat in the US by the Idaho



### WORTH Watching

Edited by Della Bradshaw

National Engineering Laboratories, part of the US Department of Energy, could

be just that.
Scientists stumbled across levan as they tried to extract fructose, a natural sweetene from sugar beet. Fructose is popular because, per calorie, il tastes nearly twice

as sweet as sucrose. The initial aim was to levelop a process that would be cheaper than today's methods of producing extracting it from corn. To do this the laboratories used two industrial processes. The first uses enzymes

which work on sucrose to brauk W.down Into its two lituent partis: glucose fructions. The ecleritists discovered that the enzyme makes the tructose molec stick together to form a tructose polymer — leven. The second process involves extracting the leven

to break it down into fructo particles, However, the actendets believe that the second process may be redundant Levan may prove to be the

rest find because many concoclions need a lood thickening agent as well as

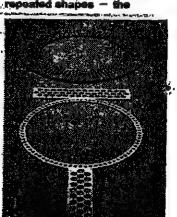
### Computer-aided jewellery

COMPUTER-aided design systems are usually associated with things that associated with things that are large and greasy. But a London jeweller has used just such a system to design his latest collection — called XIII after a river in the Amazonian rain forest.

David Watkins uses an actual Marchitech ii nersonal

Apple MacIntosh ii personal computer with a large ecreen and a Versacad design peckage, ordinarily used by draughtsmen. Walkies says the compute

system is very good for drawing designs with repeated shapes - the



scitware can produce the drawings almos automatically. And, he says, be rapidly put into effect. An exhibition of Watkins's

jewellery is taking place until April at the Birmingham City

CONTACTS: Digital Equipment: US, 596 493 5111; UK: 0734 888711, Nexu UK, 0707 325 122. Cap-RS: UK, 0932 241 402. Nocopi: Canada, 416 826 69

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### **MANAGEMENT:** The Growing Business

# Home-grown skills are a valuable asset

Charles Batchelor explains the advantages of taking a positive attitude to increasing the effectiveness of employees

ew topics, with the possible exception of bank managers, provoke as much passion among the managers of smaller firms as the subject of training. "It's all right talking about training but where do you get the workers? confided the exasperated manager of a small east London motor components supplier at the end of a recent government-funded

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Ambert at rechte

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training workshop.
This manager went on to tell the tale of the four young employees he had sent off on a six-week engineering course. The engineers met a group of trainee bricklayers while at the local training college and dis-covered that they could expect to earn twice the engineers' wage of £150 a month. Two of the engineers promptly decided to become bricklayers.

For all the encouragement that British business is given to increase the skills of its workers, the owners of many small businesses regard train-ing as a problem in itself rather than as a solution to more fundamental difficulties

more fundamental difficulties their business may be facing.
Ray Morton, director of Quality Training Advice for Business (Q-TAB), a south London training consultancy, says he comes across employers who have always got by by poaching trained staff from other employers with the offer of a bit more money. "Some of a bit more money. "Some take the view that the workers are only interested in beer and fags and that they can be replaced with a 11m machine from Sweden," he says. "They don't realise that their business depends on the quality of the staff who operate the

The findings of many recent studies by organisations such as the CBI, the TUC and the National Institute of Economic and Social Research paint a gloomy picture of the reluc-tance of British companies to train their workers. This fail-ure is blamed for the low quality standards and lack of competitiveness of a range of ndustries,

The Government's answer has been for the Training Agency to launch a range of

training schemes, many of them tailored to the smaller company. The latest scheme, announced last April, was Business Growth Training, a £55m programme intended to belp 100,000 small and medium-sized companies in its first

But the very diversity of programmes on offer may have made life even more difficult for the small business-owner. Few small companies have the resources to employ a personnel or training manager to evaluate the different options.

The Covernment's learners The Government's faunch last March, of a network of Training and Enterprise Councils (TECs) may improve matters because they are intended



ing and small business issues down to a local level. But it is so far unclear how the TECs will work in practice.

With a sharp fall in the number of school-leavers expected during the 1990s — the total of 16 to 19 year-olds is forecast to drop from 3.5m in 1987 to 2.6m in 1994 - employers will face a tough struggle to find suitable

Small businesses frequently employ people who lack the qualifications or the qualities to appeal to large employers so it will be the smaller firm which suffers most from the forecast drop in the number of school leavers. Larger companies are already making efforts to improve training and wages and to anneal to groups such and to appeal to groups such as older workers, women and the ethnic minorities. Nevertheless, some small

firms are adopting innovative training solutions to the prob-lems they face. Jo Goodliffs, lems they face. Jo Goodine, managing director and founder of Translatadata, an Oakham, Leicestershire-based translation agency, is currently putting the finishing touches to a 10-week training programme which would allow her to take on between 10 and 15 new translators at New York. translators a year.

This is extremely ambitious for a business employing only. 14 people and with turnover of \$250,000 but Goodliffe believes this is the only way to match the rapid growth of the transla-tion market (she employed just four people a year ago) while at the same time providing the

quality her clients require.
"It can take eight to ten
years to learn translation
skills," says Goodliffe. "It is a
combination of experience and a knowledge of the subject matter." By formalising the training Goodliffe hopes to shorten the learning process. She puts the cost of the programme at at least £50,000, excluding her own time com-mitment, but hopes the Busi-ness Growth Training scheme will meet half the cost.

Elly Green, business develop-ment manager in the Leicester Training Agency office, says she detects an increased awareness of the value of training in the companies with which she deals. "The traditional industries such as engineering and textiles have dragged their feet a bit — though they were hit hard by the recession — but I have been quite encouraged, she notes.

Matters may be improving

that smaller businesses still face more acute problems than their larger counterparts in training their employees.

Managers of small businesses rarely have the time to the businesses to be from their deruted as the best from their deruted. step back from their day-to-day concerns to think strategically. The result is that many see training as a holt-on option which is not central to their financial success.

Q-TAB's consultants found that the small firms they advised did not have a compre-hensive approach to develop-ing their employees' skills. Training was bought in to



QTAB's Ray Morton.
Training professionals suggest that firms switch their

emphasis to look at the cost of not training their employees, Posching from other busi-

nesses may appear the cheaper option but may boost the wage bill and lead to higher recruit-

ment costs if the employees who have been poached move on after only a short time. Peter Sharp joined Planned Maintenance Engineering, a

south London supplier of heat-ing and ventilation mainte-

nance services, a year ago, as training manager. He has made improvements to the appren-ticaship programme for service

engineers and is working on

training for administrative staff. Sharp says he does not expect to be able to quantify the financial benefits for 18 months but he believes the

company is now able to pro-mote promising employees more quickly and hold on to its

staff more easily. More training will also enable the company to keep to the tough requirements of BS5750, the quality standard for which it qualities the property of the company of the

qualified two years ago.

Jo GoodBite: ambilious programme of training 10-15 people a year

solve specific problems in areas such as sales, new tech-nology and supervision. "A lot of companies think they have a of companies think they have a business plan when what they really have is a financial plan for the bank," says Elly Green. "We say: "Think about your people if you want to incresse your turnover by 20 per cent. Think about succession planning and career development."

The first step towards developing a comprehensive plan is

oping a comprehensive plan is to carry out an audit of the m carry our an audit of the company's training needs. This can be done with the help of consultants or by using a do-it-yourself pack for analys-ing business skills such as the one included in the Business

one included in the business Growth Training programme.

This lists 87 skills from
advertising to VAT control,
wage payment systems to telephone communication. An
audit allows a company to identify areas of weakness, to draw up a timetable for mak-ing improvements and select the most suitable training.

Small firms find it difficult to detach staff from their normal jobs to attend training courses so training sessions must be carefully planned. Price's Patent Candle Com-pany, a South London company with 145 employees and sales of 66m, had to draft in its managers to supervise produc-tion staff when it sent 15 super-visors off for training one day

 Despite the range of courses available from public and pri-vate sector training organisa-tions, smaller companies frea week for five weeks. Jill Forsyth, personnel direc-tor, asked three local training colleges to devise a supervi-sors' course to include subjects quently have difficulties inding programmes tailored to such as time management, motivating people and disci-pline. She chose the college which was able to provide the Many training colleges are not used to dealing with the small business community, are

training in one-day chunks to minimise disruption. poor at marketing their services and are slow to respond to requests for training help, according to a recent report on Cost is a deterrent to many businesses. "Companies usually view training and personnel as cost areas which they cannot bear to look at," says

"All training programmes tend to lag behind advances in industry," notes Peter Sharp. "We require a mix of skills which is not met by any training course." Planned Maintenanca, which has seen employee numbers rise from 300 to 675 over the past 18 300 to 675 over the past 18 months, is currently writing its own distance learning programme to update the techni-cal skills of the engineers. • The threat of poaching is

used by many managers as a reason for not training their employees. "It is a classic dilemma," says Sharp. "You can run a mediocre firm from which no one posches or you can train to have a good firm and accept that some get

People who do train argue that it reduces the risk of losing people. Rob Lillystone, commercial director of Hambleden Group, a Tumbridge Wells, Kent-based consultancy, comments: "If you tell people you want to spend money on training them as part of second contraining them. training them as part of a long-term career plan they are more likely to stay."

Correction Motorola The chart accompanying

yesterday's article on Motorole which was headed Total Industry Profits should have read Total Industry Turnover.

### Ambassadorial help in selling to Saudi

Anthony Moreton on a trade mission

John learned when he joined a trade mission to Saudi Arabla had nothing to do with selling his earth-moving equipment in the Middle East. He discovered that he was not as indispensable as he thought.

Even so, if you run a very small business it is necessary to touch base all the time. Charles Lester, of Charles and Patricia Lester, upmarket fash-ion designers in Abergavenny, was also on the Saudi trip; he says: "If both Patricia and I are away at the same time we make sure we ring every day. Lester has 10 employees: John, managing director of Powerlab Sales and Spares, in Tredegar, has 70. Both agree that when it comes to winning overseas orders the problems of being away are far out-weighed by the advantages of testing the ground in potential markets.

Being on a government-backed mission also has its backed mission also has its advantages. John had been to Africa before under his own steam and returned virtually empty-handed. "But on the mission, with the work done beforehand by the embassy, I quickly made invaluable con-

ent firms waiting to say 'helio' to me in Jeddah. They came to our hotel, took me to their organisations and at the end of the trip I returned with some excellent potential distributors. Now it's a matter of picking the right one."

the right one."

The two companies were part of a nine-strong trade mission from Wales to Saudi Arabia backed by the Government. Led by Peter Walker, Secretary of State for Wales, the participants declared themselves will-satisfied.

They returned with orders They returned with orders

worth £7m. This may not seem a lot in the context of Britain's trade balance but for small companies in an area not especially noted for selling abroad it was a worthwhile start. That conclusion is supported

by Philip Lewis, managing director of Hedgehog Foods, of director of Hedgehog Foods, of Welshpool, manufacturer of healthfood crisps. "The result was quite incredible," he says. "We had previously done a small amount of selling to the United Arab Emirates and I

suspected there might be a market in Saudi Arabia. Going there proved not only that the market existed but that there were no more problems for a small company seeking export orders than for a big one.

"You must do your home-work, though. We put Arabic on our packaging and we briefed ourselves on their food regulations. It's no good trying to sell something to a country if some of the ingredients in it As a result of the mission

Lewis expects to have Hedge-hog crisps on the shelves in six main supermarket groups. "We should do £365,000 there this year alone. I am well pleased." Peter Walker was also well pleased. "The mission was only the beginning of Welsh business activities with Saudi Arabia," he forecast. talks I had with Saudi businessmen and ministers there will be a flow of investment and trade between Wales and Saudi Arabia. Later this year we will be welcoming a power-ful mission of Saudi business-

men to Wales. All on the trip agreed that a senior cabinet minister leading the team had a beneficial effect. Powerfab's John says: effect. Powerian s John says.
"The minister's presence was invaluable. But we should not overlook the work put in by the embassy. Even the Saudi distributors mentioned how well the embassy had per-formed on our behalf."

Charles Lester goes further and acknowledges the work undertaken by the women in the embassy. "We make one-off garments; our dresses can cost 25,000 each. Your average bloke might blanch at clothes costing this much. But the ambassador's wife and the wives of other senior embassy officials know not just the value of these clothes but also the sort of people who will buy them. It's the wives in the embassy who make all the dif-ference to people like us."

The importance of a mission for a small company is that it allows them into a market for little cost. "You simply have to footalog it around a new mar-ket," says Hedgehog's Philip Lewis, "if you want to suc-ceed." The cost, subsidised by the Government, of about \$2,000, makes it a cheap way of

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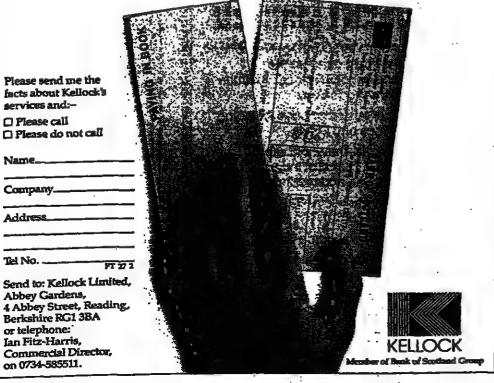
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We are looking for land to develop into Golf Centres. The sites must be large (180-300 acres) and within easy access of major population centres. Existing courses to virgin sites considered alike.

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### MORTGAGES numercial & Industrial Properties no rates 5/10 years. Interest only, Minimum Iona £500,000.

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A Pinnish trading company is searching for wholesalers etc. for ALCOHOL PRODUCTS from Saltie republics of U.S.S.R. Purther information: Marketing Mix Ltd, Itapuisto 3, 28100 Peri, Finland - Europe, fax +358-39-415 783, celex 66004 PORI SR.

Manufacturer of UPVC Windows, Doors and Conservatories seeks equity Investment or Partnership. Involvment required £150,000.00 Excellent prospects, Company now profitable. Will consider sale.

### WANTED Product or Service

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PERIORE FINANCE COMPANY has funds available for lopment and finance. Write to

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For a romantic week in one of the world's

On instructions of the Receiver of Modernisation Ltd., large quantity of exhibition stands comprising around 3,000 various wall panels, 2,000 carpet tiles etc. Stored in W. Yorkshire. Cost around £100,000. Offers invited for quick sale. Tel: (0742) 750161

FOR SALE

EXHIBITION

EQUIPMENT

### BRACKENGATE LIMITED

The company provides residential care for the elderly.

- er is approximately £3,000 per week.

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The premises are situated in Nutgrove, St Helens, Merseyside.

### △ Touche Ross

PO Box 500, Abbey Home, 74 Mosley Street, Manchester M60 2AT. sphone: 061 228 3456. Facainale: 061 228 2021. Telen: 666040 TRMAN.

### **Three Related Companies** For sale jointly or separately Central Southern England

### Plant Hire Company

The above company hires plant and equipment for

- construction and associated applications. • Projected annual turnover £800,000.
- Well established in the region

### Plant Sale Company

The above company sells plant and equipment

- and repairs contracting plant. Projected annual turnover £1.3m
- · Several franchises covering Hampshire, Dorset, Wiltshire and Somerset.

### **Property Development** Company

The above company owns a plot of land and a

For further details please contact: Paul Gibson, Grant Thornton, Barclays Bank Building, 1 Chapel Road, Worthing, West Sussex, BN11 1SA Tel: 0903 204511

# Fax: 0903 820697

# G.A. Kirkham & Company Limited 3 9 8 5 1 4 9 5 1 4 9 300

### (In Receivership) Birkenhead, Merseyside

The company is engaged in the manufacture of bespoke timber pallets for the home and export market.

- 2.6 acre long leasehold property (99 year lease)
- Annual turnover 8.4 million
- 43 Skilled employees
- Prestigious nationwide customer base

For further details please contact the Joint Administrative Receivers:

David G Rowlands, Grant Thornton, 1 Stanley Street, Liverpool LI 6AD Tel: 051-227 4211

Allen Griffiths Grant Thornton, Heron House, Albert Square, ... Manchester M2 5HD Tel: 061-834 5414 Fax: 061-832 6042

For further information please contact

16 Cathedral Road, Cardiff CF1 6PN.

Telephone (0222) 239944

Fox (0222) 237720

Richard Smort or Kevin Singerton at Coopers & Lybrand Deloitte, Tudor House,

### Fax: 051-236 3429 Grant Thornton

# WREXHAM. NORTH WALES

The Receivers offer for sole, the business. assets and goodwill of Recsam Components Limited and Vako Displays Limited, manufacturers of RFI Domestic and Automotive Suppression Products, Fitters, Metallised Capacitors, Monitors and Display Systems.

Leasehold premises (factory/offices) approx. 95,500 sq ft, plant equipment, stocks, £1.7m order book.

### WORLD-FAMED SCANDINAVIAN FIRM OF EXCLUSIVE HIGH FASHION IS OFFERED FOR SALE.

The firm was established in 1785, and has more than 170 years of experience in the trade. Purveyor to the Court, with the right to use the royal crown as part of its logo. A firm with enormous potential for a financially strong owner, who aims at growth, high standing and world-wide renown. For further

information, please contact BJORN STIEDL & PARTNERS International business consultants, Strandvejen 116 A, 2900 Hallerup, DK-Denmark Telephone. 45 31 622 822, Telefax: 45 31 625 960

### FOR SALE CLASS 10,000 CLEAN ROOM

Area 5000 sq ft with up to 25,000 aq ft of warehouse space. Also available, fur-ther clean areas of approximately 8000 sq ft with additional warehous-

ing. Close to M4, South Wales. Write Box H5862, Financial Times, One Southwark Bridge, London SE1 9HL

### FOR SALE THE PROPERTY OF VALESWOOD LTD

The Josat Receivers offer for sale the property of Valeswood known as Cedric House.

- The freehold accommedation comprises ten single bedrooms and three double bedroom together with relevant amenities.
- The premises are cituated in Ansdell villas, Rainbill, Messeyside, approximately 1/2 mile from the premises of Brackengate Ltd.
- From the premises the company continues to provide residential care for the elderly.
- The premises can provide accommodation for a total of 16 residents.

Further details are available from Stephen Akers or John Cowburn at the address below.

Touche Ross

PO Box 500, Abbey House, 74 Mosley Street, Manchester M60 2AT.

Telephone: 061 228 3456. Facilities 061 228 2021. Telep: 666040 TRMAN.

### James Seddon (UK) Limited (In Receivership)

The above company is a major supplier of shirts, blouses, dresses and outerwear to the retail trade.

- Turnover of £35m pa
- Skilled workforce of circa 2000 • 5 factories in the North West of England Manchester - Denton, Manchester - Piccadilly,
- Congleton, Denbigh, Flint • 4 factories in Scotland Bo'ness, Denny, Falkirk, Mayfield

 Modern well maintained textile machinery For further details please contact the Joint Administrative Receivers: Allan Griffiths or Malcolm Shierson,

Grant Thornton, Heron House, Albert Square, Manchester M2 5HD. Tel: 061 834 5414 Far: 061 832 6042

### Ripaults Limited

The above company specialises in the manufacture of cable and the assembly of wiring systems for the

- Three lessehold sites throughout the country
- Annual turnover in excess of £12 million
- Skilled workforce
- Substantial order book · Prestigious customers

 BS 5750 Part 2 approved at all sites For further details contact:

Allan Griffiths, Grant Thornton, Heron House, Albert Square. Manchester, M2 5HD

Tel: 061 834 5414.

Fax: 061 832 6042

Iain Allen, Grant Thornton, Grant Thornton House. Melton Street, Easton Square, London NW1 2EP Tel: 01 383 5100

Fax: 01 383 4715

# Grant Thornton

# NORTH SALMON **SMOKERY LIMITED**

The Joint Administrative Receivers offer for sale as a going concern the business and assets of a major salmon smokery in the North East:

- Prestigious customer base including major airlines and hotels
- \* fully equipped leasehold site in Peteriee (Co. Durham) incorporating smoking house and modern offices budgeted turnover for 1990:
- approximately £5m

 experienced workforce For further details please contact A J Katz or P Stanley

c/o Arthur Andersen & Co., St Pauls House, Park Square, Leeds LS1 2PJ.



### RECRUTTMENT CONSULTANCY

Niche Market Opportunity The company has an exclusive contract with its industry's professional body - in the chemicals/materials field - and its name is synonymous with the body. Established just over two years but still embryonic. 1989 turnover £60,000. Trading name, contract, candidate stock and work in progress to be included in sale. Experienced consulting staff also available by negotiation. Outright purchase required. For further details write to

Box H5840, Financial Times, One Southwark Bridge, London SE1 9HL.

### FREEHOLD PETROL STATION FOR SALE

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- \* Petrol company tie-9 years to ron
  - \* South coast location \* Fuel sales - 1.2m gallons p.s.

\* Shop sales £200,000 p.s. PRICE \$850,000 Ref. BPR

37/43 St Peler's Ros

### Dorset BHI 233 The: (8262) 299300 SCAFFOLDING

SWITZERLAND Long-established modern scallolding company with rapidly expanding manufacturing retail and contract hire divisions seeks merger or partnership in Switzerland with equivalent company. Interested parties should Fax: 0242 677215 in confidence.

Are you looking to acquire a listed company for a reverse takeover or as an acquisition vehicle?

Tek 061 655 4347 Fax: 061 643 0931 sovative Marger Brok

FOR SALE

North was based security products wholesaler. 1990 projected turnover 500,000. Profusible, good potential base for expansion. Opportunity areas from group divestment. Further details available to among processing processing and practical and a security areas. Write box H5848, Financial Tunes, One Southwark Bridge, London SEI 9HI.

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# PETER FRANCIS PELL-HILEY, APPOINTED BY HER MAJESTY'S HIGH COURT OF JUSTICE OF THE ISLE OF MAN CHANCERY DIVISION

### MIMOSAS BEACH CLUB LIMITED (IN LIQUIDATION)

Invites offers by 31 March 1990 for the company's assets, consisting principally of 720 timeshares in apartments located at Las Mimosas Beach Club, Mijas Costa, Spain. Las Mimosas Beach Club is set in-

mature landscaped gardens, adjoining a sandy beach. The complex has a swimming pool, tennis courts, a beach club and easy access to shops, restaurants, bars and other leisure facilities.

The apartments are fitted and furnished to a high standard and all have a sea view. Satellite television reception is available in many of the apartments.

More detailed information is available from: David Phillips



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Peat Marwick McLintock c/o Heritage Court, 41 Athol Street, Douglas, Isle of Man Telephone: 0624 23008 Fax: 0624 72768

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### **Engineering Company** S

### For sale

Enquiries invited for an East Midlands engineering company specialising in structural design and fabrication work.

- T/O £2.0 million with adjusted profits for year £450K.
- 13 years continued growth. · Assets include an order book in
- excess of £1 million. Freehold premises £650K may be made available under separate contract.
- Located close to good communication network. Offers for company in region of 22.0m.

For further details please contact Andrew Newsum-Smith or Andrew Streeter, Grant Thornton, 30 Hounds Gate, Nottingham NG1 7DH. Tel: 0602 483483 Fax: 0602 484504.

### Grant Thornton

### Fire Trucks Limited

(In Administrative Receivership) The business and assets of the above company are offered for

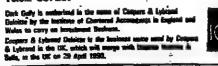
sale as a going concern. The company manufacture, using sub-contractors, the Barracude and Marin specialised airfield fire crash rescue

The design, sales, marketing and administration functions are carried out from short lausehold premises at Mitcheldess

There are 13 employees and the enough turnover is currently excess of £2.5m. There is an order book of some £1.5m.

For further information, please contact: Cyril W Nield, Joint Administrative Receiver, Cork Gully, Abacus Court, & Minshull Street, Manchester M1 3ED Tel: 061 236 9200

Fax: D61 247 4000 Telex: 667257





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### IN ADMINISTRATIVE RECEIVERSHIP

Offers are invited for this well established medical electronics company

- Freehold Premises in London and Sheffield
- Turnover Circa £2 million
- 30% of turnover exported 85 Employees

For further information contact the office of the Joint Administrative Receivers:

> N J Hamilton-Smith and D J Mason Morton Thornton & Co. Torrington House 47 Holywell Hill St Albans Herts AL1 1HD Telephone: 0727 38255

Morton Thornton & Co.

### ASSEMBLER AND WHOLESALER OF FRAMED PRINTS GIFT PACKED SOAP AND TOILETRIES MANUFACTURER

BUDE, CORNWALL

The business and assets of Printworld (UK) Ltd and Cavendish Soaps and Toiletries Ltd are offered for sale by the Joint Administrative Receivers.

- Printworld 1988/9 turnover £439K Cavendish 1988/9 turnover £237K
- \* Plant and machinery, Office Equipment and Vehicles
- Trading stock
- Currently trading from 10,000 square foot leasehold premises where freehold may be available. The premises would easily split into three independent units.

For further details please contact the Joint Administrative Receiver: Richard Neville



RPMG Peat Marwick McLintock Phoonix House, Notte Street, Plymouth, Devon PL1 2RT Telephone: 0752 225381 Fizz: 0752 266800



### BOOTH WHITE

By Order of the Joint Administrative Receivers: Brian Mills and Colin George Wiseman

### LINGHOLT COLOUR LIMITED, (In Administrative Receivership) LONDON, SE15

This superb modern sheet fed lithographic printing and finishing plant is offered for sale in modern ground floor production leasehold premises.

Plant includes Type R605 3B&LW "MAN-Roland" Five colour and two "Miller Johannisberg TP29S" Four Colour/perfecting Presses

For further information contact Allan Clark or Keith Cottam of Booth White

### IRELAND

On the Instructions of Derek Earl F.C.A. Ernst & Young, Receiver of

BALLET INTERNATIONAL LTD (In Receivership) For Sale By Tender as a going concern,

to include

The manufacturing and distribution Business of Ladies Bras and Lingerle operated form a modern 62,400 sq.ft. premises at Dublin Industrial Estate, Glasnevin, Dublin 11 The Plant & Machinery comprising some 260 modern single unit sewing machines, Laminating Plant, Cutting Presses, Packing, Warehousing & Despatch Departments.

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Extensive stocks of materials, trimmings and finished product. Tender Date 12 Noon Thursday 8th March 1990 Inspection Strictly By Prior Appointment

Tender Documents & further information from Solve: WILLIAM FRY, Fitzwilton House, Wilton Pl, D2



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Mainly involved in the Middle East and the UK North Sea. Immediate opportunities for expansion. T/O £2.4m. Net profits 16% of T/O

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### (CHRISTIE & C2)

On the instructions of Messrs CTE Hayward and RH Oldfield, Joint Administrative Receivers.

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A total of 237 rooms close to Marble Arch. Combined turnover £2.3 million ex VAT. Group Price £19.5 million

### Hotel A

94 rooms en-suite, cocktail bar, seating for 50 persons, lifts. Valuable rental income of £125,500 pa £9 million freehold

### Hotel B

99 rooms all en-suite, bar, lounge, dining room, lift £7.5 million freehold

### Hotel C

44 rooms mostly en-suite, bar, lounge, dining room, disco, lift. £3 million freehold Contact Gerard Nolan

### **Neurotech Limited**

### (In Administrative Receivership)

- BUSINESS FOR SALE as a going concern International sales outlet for Neurotech neuromuscular
- stimulation equipment International sales outlet for beauty and fitness range of
- products sold under the name of Slandertone
- · opportunity to purchase menufacturing subsidiary, with potential product development
- wandwide distribution metwork in existence
- current order book available
- direct mail order facility

For further details contact the Administrative Receive Roger W Cork Esq. Cork Sully, Shelley House, 3 Noble Street, London EC2V 7DQ Telephone: 01 696 7700 Fax: 01 606 9887 Telex: 884730 CORKY G

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B.S. 5750: ISO 9002 Approved Turnover £2 - £3 million 40000+ Sq feet in 2 Fabrication Bays 45 Skilled Platers/Weiders CNC Plasma/Oxyfuel Cutting and Profiling Stress Relieving: Shot Blasting: Painting 25 ton Crancage

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Ground floor present use retail - three upper floors under planning application for self contained office use - needing internal refurbishment \$\infty 485,000\$

Ian N Collins & Co Chartered Accountants Fax - 0733-323122 Tel - 0733-323121 PRINCIPALS ONLY PLEASE

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### SELLERS and BUYERS Contact in confidence:

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Three training rooms fully equipped with modern computer equipment. For sale as a turn-key operation.

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Very profitable with good order book. First class customers. 40 staff, Counterable potential for business growth. Valuable modern plant and freshold factory. Offers over £1.6 million. Cash sale required. For details write to Box H3B41, Financial Tenes, One Southwark Bridge, London SE1 9HL.

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A unique opportunity to purchase a highly profitable Pizza Manufacturing Company in the London area. Current turnover is £3.50k with a potential capacity of £2.122. The successful purchaser will be awarded a substantial 4 year contract for the supply of Pizzas to the current owner, a very successful Company in the food industry. Principals only write in confidence to

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### By Order of the Administrative Receiver P J Hughes-Holland Esq of Massars Hughes-Holland and Company

RE: APEX INVESTMENTS LIMITED .

(IN ADMINISTRATIVE RECEIVERSHIP) Cliens are inviting for the backlish - "Side Chip" dustrines and a part of the Chip of the company - Tel: 51-458 8545 or the fact bridge contact ref. RC of Jame Oven and Company - Tel: 51-458 8545 or the fact bridge contact ref. RC of Jame Oven and Company - Tel: 51-458 8545 or

The generating set activity of a small electrical contracting company is available for sale, manufacturing petrol and diesel generating sets up to 12kVA. Based in the North of England, the well established and profitable business has a projected turnover for 1989/90 of over £0.5m with a strong customer base.

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For Eale Sounull, West Midlands Rephold Pholistrial Premisi 7822HOLD statistical reconstructions of the control Principals only pieces write Box H5859, Financial Times, One Southwark Bridge, LONDONL SE1 SHL

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Well established, £2M p.a. mrnover in industrial raw materials. Subsidiary in Chile and agents throughout South America. £150,000 tax losses available. Suite company wanting immediate presence in South American

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FOR SALE

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FOR SALE

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Wetherall Group

of Companies

The business and assets are offered for sale of this

● Turnover for 12 months to 31 December 1989

clothing, with own prestigious shops.

Order book for new range

approximately £1] million

Skilled operatives

cturer of a leading brand label for quality ladies'

Prechold factory, show room and offices in Liverpool

For further information, please contact the Joint Administrative Receiver, T.C. Carter at Erast & Young, Becket House, I Lambeth Palace Road,

London SE 1 7EU. Tel: 01-928 2000. Fax: 01-928 1345.

**Ernst & Young** 

**Dudes** 

The business and assets are offered for sale of this

Order book for existing and new range

For further information, please contact the Joint

Production quality machinery

Becket House, 1 Lambeth Palace Road,

Merseyside based clothing manufacturers of sophisticated

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and other assets

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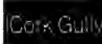
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# For BUNK read BLAST

William Packer reviews the Independent Group at the ICA

The Independent Group was a small and informal coliaborative association of artists that came together in the early 1950s under the aegis of the Institute of Contempo-rary Arts, at that time based in Dover Street, its work is now celebrated in an exhibition at the ICA, as we know and love it in the Mail (until April 1, then on to Valencia, Los Angeles, Berkeley and Han-over, New Hampshire), in an exhibition portentously subti-tled Post-War Britain and the

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Aesthetics of Plenty.
As a trip down Memory Lane it is intriguing and enjoyable, with all its occasional irrita-tions. Slight and dated as so much of the work now seems in its quality of innocent and unself-conscious earnestness in the unforgiving spaces of the present ICA (so different from that cramped upper room in Dover Street), it says much of what has been lost in those 30

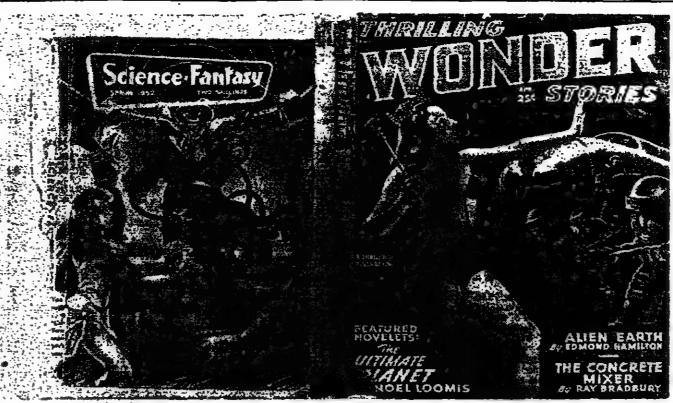
Oh Brave New World that had such people in it -Eduardo Paolozzi with ids simple magnie delight in the cumulated imagery of illus-trated magazines, American magazines especially, Richard Hamilton with his more ironical and sociological reading of the same material; Nigel Hendetson carrying on as it were from the me-war Mass Obser-vation Unit with his fascina-tion in the street life and shop windows of Bethnal Green; the Smithsons, Alison and Peter, with their simple faith in the planned and redeveloped city. Technology was a good thing, science better still, and the millennium was upon us. Oh dear. In a newly-greened and

disenchanted age, it is too easy

disenchanted age, it is too cony to mock.

This work of the 1950s, with its peculiarly British trick of working from the ideal rather than the reality, at once futur-istic and nostalgic, founded in this case in wish-fulfillment at second hand rather than in any direct experience of American culture itself, has usually been as taken as the emiliant atlarings of Pop Art. Here it all seems to look back rather than forward, obviously enough to Drward, obviously enough to Dada in the general and sophisticated use of collage and in its gleeful bizarity; and more unexpectedly perhaps, yet even more positively, to futurism and the Vorticist polemic of BLAST, 40 years before. Wyndham more than any one is the sheet at fins any one is the ghost at this particular feast.

about "the Aesthetics of Plenty" is to overstate the case, but then that has always been a very ICA sort of thing to do. We can read too much of the case of the c to do. We can read too much of "the dynamics of the urban environment, actual and imagined," that we are told were explored by the Smithsons in the large display grille they made for the International Congress of Modern Architecture in 1953. In it they set out under several headings, some of Henderson's photographs of street life with their own drawings and plans for their ideal city, all very well as an exercise in documentary display, but manifestly an object more of its parts than its sum. of its parts than its sum. Indeed, all the reconstituted displays from the exhibitions that the Group organised through the 1950s, most nota-bly This is Tomorrow at the Whitechapel in 1956 which



"The Ultimate Planet" collage by Eduardo Paolozzi

here fills the Upper Galleries, seem filmsy and insubstantial. The excitement, the enthusisam, the conviction which must then have informed them, with all the immediacy of current engagement and debate, have quite gone, leav-ing only an evocative shell, a shall worth showing, even so. Yet the quality and interest of the works of individual members of the groun throughmembers of the group throughout the show remain gratify-ingly strong. They offer a salu-tary raminder of the obvious truth, but one sometimes too easily forgotten, that in the end it is never the group of end it is never the group of artists, theorising away and declaring itself collectively in manifesto and polemic, that makes the art, but the artists alone in the particular and close engagement with their work.

Paologi's "Bunk" lecture is long gone, whether or not, like the independent Group itself, it really did constitute "a fullfrontal assault on the cosy con-sensus of post-war British culsensus of post-war Brilish cul-ture;" but the collage material, he presented, with such chul-lient visual, schoolboy greed, to make his point is as potent and delightful as ever. Nigel Henderson was a truly distin-guished photographer, the Smithsone Reyner Ranham Smithsons, Reyner Banham, James Stirling all significant in their contribution to British architecture in the later 20th century, Lawrence Alloway and Toni del Renzio distinand Tohi del reenzio distin-guished critics. The collages and montages of Richard Ham-liton in this period clearly pre-figure those of the early 1960s, which was his best period of all, for all his later reputation. And William Turnbull, too, has never done anything better than these early, mysterious, deceptively simple sculptures of humpen heads and totems, that are shown here. Their collaborative achieve-

ment was more ephemeral than real, which is in the nature of the beast James Stirling remembers the Independent Group "as being more social than intellectual," and social than intellectual," and suspects a division "between those who saw the IG in social terms and those who saw it in public relations terms," putting himself definitely in the social category. William Turnbull cannot separate it in his mind from the ICA of that time, and doubts if it would have existed but for Dover Street as a meeting place. Street as a meeting place. Indeed: the ICA, in growing so large and impersonal, lost its quality as an active club and

catalyst of the arts long ago and there has been no succes-sor to the Independent Group, no coming together of like minds with a common purpose across the disciplines of the arts, even for the shortest time. Who is to say whether that is a loss or not?

What did It all stand for? Today it is easier to think more of what the Independent more of what the Independent Group was against. The exhibition leaflet tells us, in a bevy of quotes, that it was against "YESTERDAY, WAITING IN LINE, THE PASTORAL, THE BRITISH ESTABLISHMENT, THE ICA ESTABLISHMENT, CLASS, GOOD TASTE, HIERARCHIES, THE FAILURES OF THE FAILURES OF HUMANISM, very good clothes that last for ever." For BUNK read BLAST, which is as fair an epitaph as any.

### Drogheda memorial concert

COVERT GARDEN

Sunday night's concert was given in memory of Lord and Lady Drogheda – Garrett, 11th Earl of Drogheda, and his wife Joan – who both died last December, within a few days of each other (the first he after. each other (she first, he after-wards). Lord Drogheda was Chairman of the Board of the Royal Opera House from 1958 to 1974, and Managing Director of this newspaper from 1945 to 1970. So it was entirely appro-priate that both institutions should have come together to remember him: the Royal Opera to provide its orchestra and chorus, a selection of its most noted regular singers, and the conductor — Georg Solti — most closely associated Softi - most closely associated with Drogheda's period of office at the House; the Financial Times (and The Economist, with which he also had a close relationship) to underties the exercise (fointly in write the occasion (jointly in aid of the opera house Benevo-lent Fund and the Alzheimer's Disease Society).

It was a serious but not a solemn affair, and therefore just as it should have been. For Lord and Lady Drogheda were serious but not solemn people; serious about the arts of music and dance and the art (for it is that, no less) of creating a newspaper, serious about making those enterprises flourish, serious about achieving and then maintaining high stan-dards. But both were also peo-ple of irresistible charm, wit, ple of irresistible charm, wit, broad culture and sophisti-cated viewpoint, Anything too heavy or ill-balanced in the way of an occasional Covent Garden celebration or gala (of which Garrett Drogheda was complete master and incompa-rable master-of-cersmonies)

bored them - and, no doubt, would have, here.
Sunday's concert would probably have pleased them. It had the right kind of variety: excerpts from Verdi (La tra-viata), Beethoven (Fidelio), and Strauss (Der Rosenkavalier) operas; a selection from Proko-fiev's Romeo and Juliet ballet score (curious, though, that it was not danced); a Mozart piano concerto, played with eloquence and delicacy by Mur-ray Perahia, and offered in par-ticular reflection of Joan Drogheda's own screne accom-plishments as a pianist and her own work on behalf of music and music students; and — as bonne bouche — the debut appearance of Benjamin Moore, aged 6, a Drogheda grandson and a Suzuki-trained violinist, who played a Dvorak violin solo with delightful

sung-froid. Sir Geoffrey Owen, the FT Editor, and Dame Ninette de Valois both offered lively quick sketches of the man - the Max Loppert

"thorough nuisance" who prodded and goaded and coaxed people into doing what he wanted, which was almost always to make decent achieve-ments good, and good ones excellent. There was much recall, by both speakers and also in Andrew Porter's affec-tionate brief programmenote reminiscence, of the "Droghe-da-gram" - that short, often sharp-pointed missile trained on employees of both institutions, the newspaper and the opera house, when the quick Drogheda eye or ear had noticed something that needed instant attention, or, equally often, when some suspected fall from grace or high standards of accuracy or fairness needed pointing out.

As Lord Drogheda was the

particular champion of the FT Arts page — he invented it, in 1953, and watched over it, vigilantly, long after his retirement from newspaper duties this may be the moment for an FT critic to recall (as so many other people no doubt can) that there were also Drogheda-grams of another kind. When he thought that something had been well done – a review carefully considered and expressed, say, or a fresh, hon-est response to something new or unfamiliar in the world of opera and dance - Drogheda's praise was unfettered, and a joy to receive. He was this page's friend as well as its monitor, and he became a friend to most of the contributors thereto who knew him: the sight of that elegantly curved figure and its peculiar loping movement was always a pleasure, as would be the con-versation that followed, it is not only the present writer who benefited inestimably from his (often entirely unexpected) acts of generosity and

simple kindness. Likewise, Sunday's musicmaking would probably have caused a shower of the second kind of Drogheda-grams. Solti, on spry form, and such singers as Gwyneth Jones and Reiner Goldberg (in the Fidelio finale) and all three of the Rosenkava-Her closing trio and dust - Felicity Lott, Anne Howells, Lillian Watson - would have been assured of them (there would probably also have been one to the Royal Opera management to find out why the Octavian of the marvellous Miss Howells had not been seen in this theatre before). The concert was, as Andrew Porter predicted it would be, a "rejoining in gratitude;" and certainly the spirit of both Droghedas was captured during its course.

# Nash Ensemble

The Nash Ensemble has bon-bons almost as sweet as always been true to the genera-tion in which it was formed. The group is celebrating its 25th anniversary this year and in each of the concerts in its Wigmore Hall season it has been presenting the premiers of a work by one of those British composers whose work has grown to maturity over the

same period.
In this penultimate recital
the "birthday piece" was a
three-part chaconne for string trio and piano left hand by Colin Matthews. Not a celecoin Matthews. Not a cele-bratory offering in spirit per-haps, but it was well plotted in character, with the strings passing the mournful chaconne theme between them, while the flamboyant single hand of the piano provided the dramatic catalyst of events. The work lasted only ten minutes and used its time well.

It also made an interesting contrast with a tenth anniversary present that had been written for the Nash Ensemble in 1978 and was being given an attractive revival here. This was a group of Six Russian Folksongs in an arrangement by John Tavener that sprin-kled the pieces lightly with sugar and turned them into

the Songs of the Auvergne. Evidently a tenth birthday is a less serious affair.

For the rest the evening comprised one of those cleverly thought-out Nash programmes in which each item is linked to another. The Taverner settings were coupled with a genuinely Russian cycle, the Seven Poems of Alexander Blok by Shostakovich - the haunting escape into night's fears and hopes that was given so impas-sioned a performance on the South Bank by its dedicatee, Galina Vishnevskaya, and her husband Rostropovich soon after they were forced to leave the Soviet Union.

The soyat omon.

The soprano Jili Gomez, Saturday's soloist, cannot unleash that kind of visceral intensity. that kind of visceral intensity. But she did sing the cycle with a shapely feeling for phrase and colour, complemented in the instrumental parts by a rhythmical buoyancy that was to serve the players no less well in a vital performance of Shostakovich's Piano Quintet afterwards. One final recital a afterwards. One final recital the French one, a Nash speciality - brings the anniversary season to a close next month.

Richard Fairman

### **SALEROOM**

The demand for contemporary art, especially in the US, seems to be insettable at the moment and Christie's auction of good, and Christie's auction of good, but not first class, work over the weekend topped \$11.5m, (56.7m) with only 10 per cent unsold Jasper Johns continues to rule the roost and an oil, graphite and black chalk version of "Alphabet," on paper, almost doubled its estimate at \$572.000 (£334.000) to a trade \$572,000 (£334,000) to a trade

enjoying a boom and "Summer slide," a mass of plum colours

modern expletive, by Jean Michel Basquiat.
The diamond market is improving judging by the price of £2.8m which Sotheby's secured in St Moritz on Saturday for a fancy pink stone of 20.62 carate. It was the fifth largest fancy pink to be offered at auction, and was bought by the dealer / Moussaieff.

congregating in the Swiss resort for the skiing, are feeling in an expansionary mood. An unmounted step cut diamond of 21.82 carats made £288,000 and a peach shaped diamond of 10.06 carats,

**Antony Thorneroft** 

# Single Again

Dillie Keane, who for seven years was attached to the piano in Fascinating Aida, is Single Again. Its a happy release. Ms Keane was siways the strongest performer in the female trio, contributing most of the songs and the excit-ment. Now ist loose in a one woman show she can give Vic-toria Wood a run for her

money. Her act at the King's Head starts by hitting a few easy-balls out of the ground with her description of her convent childhood — the Catholic childhood — the Catholic Church seems to exist to supply comedians with material—but soon a more sombre depth is plumbed, as she exposes layers of feeling quite outside the scope of the jolly Ms Wood. But then Dillic Keane has a much more interesting face, capable of collapsing like a damp

meringue.
It collapses to good effect when she views the world as a lone woman in her thirties in songs like "Middle Age" and "Single again." Within the humour there is more than a hint of desperation. But the most affecting, most disturbing moments come in "Roneo" Letters." It starts as a joke against the new practice of sending at Christmas dupli-cated letters to friends addressed "Dear Everyone" and giving a family run down of the year. But the banter gives way to a cry of anguish as the writer unconsciously reveals the unhappiness behind the positive tone.

There is much of the music hall entertainer about Dillie Reans. She plays a good drumk, in "Sous les ponts de Londres" which develops into a political statement, and in "Charity" exposes the society ladies who measure the success of the charity balls they organise by the size of the photograph in The Tatler. With Andraw Faulkner freeing her from the mismo size can lob in some sneedotes—about her harred of New York and the wit of Ron, the Australian Bus Driver. There is much of the music

Dillie Keane is among her own in an Islington cabaret bar, but there is enough of the unexpected about her, not least her lack of side, to embrace a wider audience. She is more interested in her own frailties and those of other people, than in politics, although the ways of the world, from the loneli ness of the Queen to the Chan-nel Tunnel, cross her firing line. All in all a sparkling per-

**Antony Thorncroft** 

Blackburn prize

British playwright Lucy Gannon has won the 12th Susan Smith Blackburn Prize susan smith slackburn Prize for Keeping Tom Nice, her first stage play. Currently Resident Writer at the Bush Theatre, she wins 25,000. The runner up was Winsome Pinnock for A Hero's Welcome, also a first play. She receives £1,000.

### Tartuffe NATIONAL THEATRE

If the mark of a great play is durability then *Turtuffe* is one of the best. It is also one of the most amenable to cultural tinkering. In the last few months I have seen it transported very credibly to sectorism Ulster and now to the Indian sub-continent. The play, in both cases, has

indergone a sea-change but its spirit remains — a tough unsessible kernel of satisfical scorn which is just as uncomfortable today as it was in Molière's own time

Jatinder Verma's adaptation for the National Theatre (which I saw at the Gardner Arts Centre, Brighton) places it within the Indian sturytelling within the indian starytelling tradition, as a tale recounted for a higotical emperor by his court poet. So, Tartuffe — a self-flaggellating fakir in saffron dhoti played with stomach-churning noxiousness by Mizwar Karauj — guzzles Indian delicacles while Organ's wife fights off a painful attack of dum-dum fever and his daughter, Munmauii, awaits the dibure uname of his pigeon-racing fiance, whose

ejection from family favour is blamed on his fondness for dancing girls.

The familiar — and some less familiar — frolics are played out with considerable athleticism in the shade of an airy white tent to a sitar accompaniment which underpins the essential music-ality of Indian popular



Nizwar Karani as Tartuffe

Movement is choreographed into a reflection of character and situation, with funny walks, high kicks and somersaults giving substance to the comedy but also energing the descourants. anatomising the development of the plot in a way that is actually very close to the spirit

of the original.

Quite rightly, Verma does not deal in character so much as attitude: Ayub Khan Din's Orgon, for instance, is a personification of foolish bigotry defined in relation to his betrayal of wife, daughter and son, while Shelley King's delectably roguish maidservant – the Jewel of the show – is a grinning flurry of hands and feet, in everyone's way until they want to hit her.

The adaptation also rings true linguistically, with Molière's own verse echoed a dialogue which rises into stretches of poetic rap, some of it very funny and cleverly amenable to changes of pacing

and mood.

The piece is least successful when it becomes too lavatorial (Tartuffe is as obsessed with his bodily functions as the pigeons are oblivious to them). or too exuberantly cross-referential (a passage of punning on *Hamlet* seems

punning on Hamter seems oddly inappropriate). But at its best, it is strikingly and enrichingly apposite, saving its coup de grace for the final pay-off in which the poet, mischievously and at considerable personal risk, ends his play with Organ

and family leaving their house as penniless exiles. The emperor (Orgon in a mask), predictably, does not like it, complaining that he wants a "beautiful" ending. So a flattering postscript is tacked on which approximates to Molière's own cynical interjection of the Sun King's emission to save the day. The point of this is quite clear: today, as in Molière's own time, bigots do not like the truth and they are prepared to enlist a phony are thetic to the cause of

aesthetic to the cause of perverting it. Politics and art, as we have recently rediscovered to our cost, cannot be easily separated.

Claire Armitstead

### ARTS GUIDE

OPERA AND BALLET London

Royal Opera, Covent Garden:

Don Posquile, in the facetious
Jean-Pierre Ponnelle production,
is revived with a highly successful and attractive cast — Paolo
Montarsolo, Katheen Battle,
Thomas Allen, and Ranl Gimenez. Last performance of the new
production of Borodin's Prince
igor by Andrei Serban, conducted by Bernard Haitink.
English National Opera, Coliseum: David Pountney's polemical Traviata production continues in repertory, with Helen
Field in the title role, and Alan
Opie and Edmund Barham as
the Germonts. Also the latest
return of The Mikado and the return of *The Mikado* and the last in the current run of BerNox's Beatrice and Benedict.

Paris Opera. Leninguad's Kirov arrives with a Sobre Balanchia and with Helens Pankova as its

Amsterdam

The National Ballet with Swan Lake choreographed by Rudi van Danizig and Toer van Schayk after Petipa and Tvanov. Muziektheater (255 455).

Brussels

Thestre Royal de la Monneia.
The Monneie opera in Mozart's
Il Seraglio staged by Ursel and
Karl-Ernst Herrmann, conducted
by Emil Tchakarov, co-production with the Vicens State

Opera. Cirque Rayal. The Polish Byd-goszcz State Opera in Verdi's La Transam. Italian Cultural Centra. Albimani's Lo. Serva Astuta staged by Franco Scarangella, Fons Van der Linden conducts the Wol-teche Chamber orchestra.

Konhklijke Vianuse Opera. The Royal Flanders Opera with La Chapelle Royale Orchestra and chorus conducted by Phi-hype Herrewegha, staged by Isa-belle Pousseur (Fri).

Thékine Royal, Royal Wallonia Ballet in La Fille Mal Gardés choreographed by Janine Van

Boren (Fri).
Théstre Royal. Royal Wallonia
Opera in Mozart's abduction
from the Seraglio, a co-production with the Ludwigshafen Thester im Pfalzbau staged by
Rudolf-Christian Sauser.

Miliant '

Teatre Alla Seria. Nimitus
Leinholf's production of Wagner's The Mastersingers conducted by Wolfgang Sawallisch.
(Wed) (80 91 26).
Teatro Samraldo. The Scala Ballet Company performing modern
dance (at last) in this new and
central setting: Troy Game, a
satire which Robert North originally created for the London
Contemporary Dance Theatre,
Balanchine's Square Dance, and
Ben Stevenson's neo-classical
Three Prebudes with Oriella
Dorella and Francisco Sedene.
(8570734).

(6570734).
Teatro dell'Elfo. Le Blen-Bune-Rouge et le Noir, à puppet-opera by Anthony Burgasa, with music by the young Torinese Compose Lorenzo Ferrero, done in co-pro-duction by The Scala and The Prench Cultural Centre in Missi French Cultural Centre in Mian for the Paris Festival d'Autonne

Tentro dell'Opera. Promising production by Francesca Zam-bello of Richard Strauss's Ariadne and Nazze, conducted by Gustav Kuhn is unlikely to take place due to strikes

Venice

Testizo la Festica. Excellent pro-duction by Patricia Gracis of

Donisetti's Don Pasquale, conducted by Gabriele Farro, with skilful characterisation of the leading roles by Enzo Darna, Barbara Hendricks and Claudio Giombi. (5210161)

Trioste

Tentro Verdi, Luciana Savignano dances the lead role in two works hased on well-known operas: Butterfig, with choreography by Paolo Bortoluzzi, and Coveres with choreography by Alberto Aloneo (63.19.46)

Opera. Concert version of la Sot-sembula with a strong cast led by Iria Vermillion, Lucia Aliberti and Francesco Ellero d'Artegna. Julia Varady repeats her much praised Violetta in *La Truminia*.

Opera. The new Lody Mocbeth Von Micersk production has Oli-via Stapp, Jan Blinkhof, David Griffith and Hubert Bischof entitlent as leads. There with a strong cast led by Maria Guleghine in the title role, Luis Lines and Juan Rons.

Frankfurt \*

Opera, Shostakovich's Die Ness, opera. Soostalovich's Die Muse, produced by Johannes Schaaf, will have its premiere this week with fise Gramatzki, Alan Titus, Bodo Schwanbeck and Uwe Schwanbeck. The production of the Liant brother politics. the Lievi brothers returns.

Opera, Jean-Clande Riber's curi-

ous new Machetti production,su-perbly conducted by Gianfranco Masini, features a splendid cast of principals: Elizabeth Connell, Eduard Tumagian and Francesco Ellero d'Artegna.

New York

February 23-March 1

Metropolitan Opera. James Levine conducts the season premiser of Die Entführung aus dem Serall in John Denter's production with Mariella Devia, Barbara Kilduff and Gosta Winbergh. Performances continue of Gian Carlo Menotit's production of Manon Lescart conducted by Thomas Fulton with Mirella Frant, Peter Dversky and Italo Tajo. Charles Dutoit conducts Nathaniel Merrill's production of Samson et Daila with Shirley Verett, Placido Domingo and Simon Estes. Dalia with Shirley Verett, Placeldo Domingo and Simon Estes. Harold Prince's production of Fuust, conducted by Charles Dutoit, continues. Lincoln Center Opera House (882 8000).

Lar Lubovitch Dance Company, The company, noted for its respective music and fluent choreography, is a local favouries. Enda Mar 4. City Centre (561 7907).

Washington

Washington Opera. Zack Brown's production of Dis Fleder-maus conducted by John Lanch-bery. Atla continues with Aprile Billo as Atla, Stefania Tanzyaka as Amneris and Vladimir Popov as Radames. (467 4600).

Tokyo

Madame Butterfly. The Nikikei Opera Company performs the original 1904 version in Italian. Tokyo Bunka Kalkan (Mon).

Johns rules the roost archaic Greek theme, with a

buyer. Joan Mitchell is an artist

sine," a mass of plum colours on a white background, sold for \$418,000 (£244,000). "Unti-tied," a brownish red canvas by Barnett Newman, fetched the same price. The surprise of the sale was the price of \$319,000 (£186,500), double forecast, paid for "Thermopolae," a 1985 diptych in enamel, acrylic and wax crayon, on a vaguely

The auction totalled E10.2m (SF25.6m), with just 14 per cent unsold, which suggests that the yery rich,

£245,000.



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### FINANCIAL TIMES

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Tuesday February 27 1990

# Retreat of ideology

THE DEFEAT of the ruling Sandinista Government by a conservative US-backed coalition in the Nicaraguan elections is both unexpected and a truly remarkable event in the development of Third World government. It also marks another chapter in the rapid retreat of ideology from the international stage. One must hope that Nicaragua can now be treated simply as the poo-rest country in Central Amerrest country in Central America and not as a battleground for the ideological prejudices of the Left and Right.

For a decade, the Sandinistas have been the Left's symbol—as were Allende's Chile, Cuba

as were Allende's Chile, Cuba and Vietnam before them — of a revolutionary David fighting for the right to cut an individual socialist path in defiance of the imperial Goliath in Washington. The Reagan Administration was too obsessed by what it saw as the destablising effect of a communist cancer in its own backward and cer in its own backyard and sought to remove the Sandinis-tas by fair means or foul. The Sandinista leadership was never the evil dictatorship depicted by Washington. Indeed a good deal of the international support it attracted was probably a reaction to the heavy handed US approach and, at home and abroad, often owed more to crude anti-Americanism than genuine backing for their policies.

### Learning curve

The Sandinistas made many mistakes, not least in their over-enthusiastic backing for other revolutionary move-ments in the region and in driving out skilled middle class personnel. But to their credit, they have gone through a tough learning curve. Whatever Washington might now claim, the Sandinistas' gradual concessions to political pluralism and a more open economy were only in part prompted by external pressure. President Daniel Ortega has been a clever pragmatist keeping together a collegiate leadership for almost eleven years while

fighting a war.
This is the first instance where the leaders of a marxistorientated revolutionary movement have seized power and a democratic electoral process America as a whole.

which then rejected them. In the recent case of Chile, it was a right-wing dictatorship which was voted out of power. The moral perhaps is that all totalitarian systems invite downfall when they open up to

democratic processes.

The outgoing Nicaraguan president is pledged to respect the electoral verdict. There is no doubt about his own sincer-ity. However, it is not going to be easy to convince the hard-liners in the Interior Ministry and elements of the arme forces to accept the sea change which must now occur in the administration. The hardliners have only ever accepted the moves towards pluralism as a means of preserving the San-dinistas in power.

### Sworn enemies

As it is, the Sandinistas will hand over power to their sworn enemies many of whom were beaten on the battlefield. The members of the UNO coali-The members of the UNO contition are closely identified with the Contra rebels who since the early 1980s sought to overthrow the Sandinists with US aid. Indeed, the change of for-tune is unprecedented. The Contras have won at the ballot box the armed struggle they could not win on the ground in Nicaragua, or indeed in politi-cal Washington, which eventu-ally cut off their funding last year. Both victors and van-quished will have to exercise considerable restraint in working towards a genuine reconcil-

The war against the Contras has eroded the early achieve-ments in health and education of the Sandinista Revolution and brought the country close to bankruptcy. Economic mismanagement, probably more than anything else, brought the Sandinistas down, as it has the authoritarian regimes in eastern Europe, and helped propel to power Mrs Violetta Chamorro on the promise of a Chamorro on the promise of a substantial injection of dollars. She will now be heading a fractious coalition, which will need help from Washington. This presents a golden opportunity for President Bush to show that the US understands the genuine needs of Nicaragus and so to pave the path

# Half-mergers in Europe

THE MOUNTING competitive pressures on Europe's motor pressures on Europe's motor industry have lent an air of inevitability to the planned link-up between Renault and Volvo. But it is less obvious that the deal will deliver the advantages expected of it. Indeed, it looks in some ways more like a testament to the difficulties of building cross-border alliances in Europe than a model for effective

co-operation.

The agreement will create the world's largest heavy truck producer, with extensive operations in the US as well as Europe, and bring together two complementary car ranges. In theory, at any rate, it will provide Renault with access to the second marque it needs to diversify up-market from volume car production, while offering a more secure industrial underpinning for Volvo's

specialist car business.
For both companies, though, the deal's principal attraction is the promise of improved scale economies. These will be sought less in final assembly than by standardising components, aligning purchasing policies and collaborating on technology and product

Given the cost structure of vehicle manufacturing, these areas indisputably offer the biggest potential for savings. The question is how far the proposed relationship between Renault and Volvo will enable

them to be achieved.

The strength of the Japanese motor industry, to which the new alliance aims to respond. interaction between different functions — and particularly development, engineering and manufacturing — at every stage of the product chain. This almost seamless process has yielded huge benefits in terms of cost reduction, quality cycles which European manu-facturers are still far from

### Co-ordinating closely

Renault and Volvo, however, are not talking about integrating their activities, but co-ordinating them more closely. That will require mutual understanding and readiness to compromise by two compa-nies with very different traditions, philosophies and working methods. It will not be made easier by an elaborate structure of cross-sharehold-ings and a diffusion of management responsibilities which appear intended more to pre-serve both partners' rights than to facilitate firm deci-

sion-making.
Lack of unified management and clear leadership was the main reason for the fallure of most of the large cross-border link-ups attempted by Euro-pean companies during the 1960s and 1970s. In the past decade, the most successful trans-European mergers have been those, such as the forms-tion of ABB, the Swiss-Swedish engineering group, where one partner wields overall control.

### Outright takeover

Renault and Volvo would be more likely to achieve the results they want if they agreed on an outright takeover of one company by the other. An alternative solution would be an asset swap which would give their truck businesses to Volvo, which has proven strengths in that field, and concentrate car-making in the hands of Renault. However, political factors appear to rule out any such arrangements.

Mr Pehr Gyllenhammar Volvo's chairman, has insisted that if the company ceased to be Swedish-owned, his country would suffer an identity crisis. Renault's symbolic importance in France is, if anything, still greater. Even the government's plans to change its legal status from a *régie* to a limited liability company - made necessary by the Volvo deal - pose a polit-ically delicate challenge. That Mr Gyllenhammar has

loudly condemned the damage which Europe's nationalistic barriers have caused to industry only underscores the obsta-cles which corporate restructuring still faces. But such resistance, while an under-standable political reaction, makes little sense economi-cally when companies can no longer stand up to competition alone. An insistence on the sanctity of national ownership and separate control as a condition of cross-border alliances risks, at best, retarding healthy industrial adjustment and, at worst, jeopardising companies

commercial survival.

### Tim Coone reports from Managua on Nicaragua's election upset

icaragua is a country of the unexpected. The crushing defeat of the ruling Sandinistas in last Sunday's elections was as decisive and surprising as their sudden rise to power in the 1979 revolution.

Before election day, all the indica-

Before election day, all the indications were of a victory for the Sandinista party (FSLN), though a modest one in comparison with the 67 per cent of the vote they achieved in 1984. Their expensive, well-organised electoral campaign brought 250,000 people to a closing rally in Managualast week. This was three to four times more than their opponents in UNO, the victorious opposition alliance, managed to attract to a similar end-of-campaign meeting. But those who read an imminent Sandinista victory in the differing sizes of these two rallies had miscalculated the hidden strength of the protest vote. The bulk

railies had miscalculated the model strength of the protest vote. The bulk of UNO support was evidently passive; it represented, perhaps, a vote against the Sandinistas rather than a decisive vote in favour of UNO.

Normally reliable US-based opinion polling firms proved wildly wide of the mark in their estimates of voting intentions. Even the 11S government.

the mark in their estimates of voting intentions. Even the US government was preparing to accept the likelihood of a Sandinista victory.

In the event, however, with a voter turnout of more than 90 per cent, the Sandinistas appear to have won some 630,000 votes against UNO's 900,000.

In retrospect, the reasons for UNO's In retrospect, the reasons for UNO's astonishing success are not hard to find. Mr Ramiro Gurdian, the head of

Nicaragua's private sector umbrella organisation Cosep said last week: "Hunger will be the declaive factor." Ravaged by war and inflation, the economy has taken a battering in recent years. Internal mismanagement has been compounded by US economic sanctions and a drying-up of international lines of credit. exports fell sharply, creating a vicious circle; the drop led to foreign exchange shortages, which led to shortages of imported raw materials, which affected output and, in turn, extential exportage.

potential exports. To finance the war against the US-backed Contras in the mountains, the government printed money, fuelling hyperinflation. In 1988, prices rose at an annual rate of over 30,000 per cent. A harsh economic adjustment plan introduced last year managed to bring some stability to the economy. But in

Before the election, even the US government was preparing to accept the likelihood of a Sandinista victory

doing so, it reduced real incomes to their lowest level in decades. Dr Ale-jandro Martinez Cuenca, the Budget and Planning Minister, said last Sat-urday: "The adjustment plan carried with it a very high social cost."

Also unpopular was the govern-ment's insistence on maintaining compulsory military service, even if the war came to an end. Education statistics show a sharp drop since. 1963 in the number of teernge males gration and draft evasion by beenag gration and draft evasion by been agers who did not want to go to war. UNO promised to end military service. This evidently proved a vote-catcher, particularly effective in neutralising the Sandinistas' youth-oriented campaign among the 265,444 new voters between 16 and 20.

And a third factor in the Sandinistas' defeat was the growing Unbannistas' defeat was the growing Unbannistas' defeat was the growing Unbannistas'

tas' defeat was the growing unhappiness of many ordinary party mem-bers. Those who have been quietly trying to stop what they see as a drift towards populism among the leader-ship and an inadequate drive against

Sandinistas lose the hunger vote



The pain of detect: Daniel Orlege is conforted by his wife

corruption say that the party's lack of internal democracy has cost it sup-port and weakened its moral fibre. The small MUR party, headed by the former Sandinista leader Moises Hassan, running on an anti-corruption platform, picked up I per cent of the vote, making it the third political force in the country. One prominent Sandinists woman

said in private shortly before the vote: said in private shortly before the vote:
"As a Nicaraguan I hope we win with
an overwhelming majority to show
the world and especially the gringss
that we have the massive support of
the people and that the US's attacks
against us have been so unjustified.
But as a Sandinista I hope we win
with only a slim majority so that we
can have a purge within the party and
cleam out all the rubbish we have
been carrying along with us all these
years". Her secret wishes were obviously shared by many more than she ously shared by many more than she

Those carried to power by this popular disenchantment have inherited a daunting task. After eleven years in the wilderness, Nicaragua's opp tion leaders must now start to tackie se problems of a country devastated deal with the Sandinistas, this time as an opposition rather than a government. A bitter struggle may lie ahead. UNO will take control of the Presi-

dency, the National Assembly and most of the municipalities in the country. But the Sandinistas, with just over 40 per cent of the votes, have a solid base of support on which to build in opposition. And they retain control of other important levers of power such as the army, the police and security forces, the trade and student unions, and the largest farmers' organisation in the country. These will resist many of UNO's

The new government intends sharply to reduce the size of the police and armed forces, denationalise most of the state sector enterprises and to free banking, insurance and foreign trade from direct state con-

he wishes to see the removal of an article of the constitution which puts these sectors under under state control. "We want to establish a free enterprise system. The state should not be involved in production."

Mr Francisco Mayorga, one of UNO's leading economists, hopes to put in operation an anti-inflation plan which would not be recessionary. To avoid a rebellion in the countryside,

the agrarian reform which has benefited 100,000 rural families, is not to be rolled back. Instead, property owner-ship titles are to be given to farming cooperative members. State-owned lands will be redistributed to private

UNO's economic proposals reflect the conflicting-political forces of right and left within the alliance. They are a kind of tropical hand of Reynes and Friedman, said one western European economist. Mr Gurdian even says of Dr. Virgilio Godoy, UNO's and cannot be trusted."

Given the private sector's predomi-nance within UNO, however, it will undoubtedly be handed control of the commanding heights of the economy. Mr Gurdian recognises that this may prove a source of conflict. "I am wor-ried by what happens now after the elections," he says. "The Sandinistas have to be convinced that they have a future, and have an important role to

play here. Nicaragua is a big enterprise and in any business one has to respect the minority partner. We have to respect the FSLN. The Sandinistas have had aleven

years in power to convert themselves from a small clandestine guerilla army to a nationwide party with a well-organised structure. Most of their hundreds of thousands of supporters have had military training. Many are poor or lower middle-class and will feel threatened by UNO's plans.

The Nicaraguan economy will require large transfusions of financial assistance from abroad if lay-offs in assistance from abroad it lay-ous in the police, army and public sector are not to lead to heavy unemployment, discontent and possible violence. Any acts of vengaance by returning mem-bers of the Contra guerillas could fur-ther raise tensions. The war has left a legacy of thousands of weapons in civilian hands. Control of the armed forces and

police is a particularly delicate issue.

UNO has emphatically ruled out what is known locally as a "Polish solution," in which these forces would remain under the control of the outgoing government during a negotiated the command structures immediately on taking office," said Mr Alfredo Cesar recently. He is one of the lead-

ing strategists behind the UNO cam-paign, and likely to be the new presi-dent of the National Assembly. UNO has support within the middle and lower officer ranks of the army, says Mr Cesar. As a former Contra leader, he may feel inclined — and, indeed, be under some pressurs — to include Contra officers and troops in the restructured armed forces. The merging of two groups who until recently have been fighting one

another will be tension.

The police and security forces pose, if anything, a greater problem than the army. These forces were built up from scratch under the Tomas Borge, the Sandinista interior minister. Their officers and other ranks have been selected for their ideological commitment to the revolution.

selected for their ideological comminment to the revolution.

The defeat of the Sendinistas may see a resurgence of pre-revolutionary divisions within the party and a strengthening of the wing led by Mr Borge. Before the 1979 revolution, he had been opposed to the wing, led by the two Ortega brothers. These two who went on to become President Daniel Ortega and Defence Minister Humberto Ortega — were the principal architects of a broad-based party, a mixed economy and a multi-party system. The Sandinistas' loss will be seen by many within the party as a defeat for the Ortega wing.

UNO leaders have said in the past week that they expect 90 per cent of

UNO leaders have said in the past week that they expect 90 per cent of the FSLN party militants to accept a UNO victory. They are very worried about the other 10 per cent.

Decisions on all these critical issues will fall on Mrs Violeta Barrios de Chamorro, the President-elect. She lacks all political experience, and will have to lean heavily moon her closest

have to lean heavily upon her closest advisers, mostly family members.

The UNO leadership, however, is drawn from twelve parties ranging from conservative to communist.

Bach wants to control the the new government. The deep divisions that have characterised UNO's electoral campaign are more than likely to re-emerge once they take office.

The uncertain future of the UNO coalition will place an extra burden on the US, which played an unusually open role in support of the opposition

open role in support of the opposition campaign. US funds provided jeeps for UNO officials, poll strategists and a string of back-stage advisers.

Many observers — including US officials — thought this degree of support might back-fire. Nicaraguans have traditionally been sensitive to US involvement in their politics. General Augusto Sandino, the national hero, was adopted as the symbol of the 1979 revolution precisely because he stood up to the gringos.

In the event, however, Nicaraguans appeared to believe that a UNO victory offered the best prospect of securing US funds to end the country's

**UNO's economic policies** are 'a kind of tropical blend of Keynes and Friedman' according to one European observer

conomic misery.

The outcome thus raises expectations that the US will come up with large amounts of budgetary support, food aid and project investment. Com-ing in the wake of the \$1bn the US is likely to pay to assist Panama after the invasion last December, the new demands from Nicaragua will strain Washington's foreign aid budget to the limit. The Nicaraguans are likely to be asking for at least \$1bh a year

Until now, President Bush has pre-ferred to deal with Micaragua as a special US problem, outside interna-tional frameworks, Faced with the tional frameworks, Faced with the likely aid requirements, however, he might well be tempted to invoke EC and Japanese support. Both have indicated their willingness to help, but would wish to do so in the broader context of peace in Central America. Nicaragua's election upset — and the consequent moves to revive the economy — could therefore help the alow process of bringing an end to the conflict in El Salvador.

### Excess of zeal

a Lain Solana is the man who as President of Telefonica, the Spanish telephone monopoly, took the company to the international stock markets. As a reward, the Governmen moved him on last year to the even more illustrious post of head of the national television and radio service.
Which was strange, in a way.

For although Solana had cleaned up Telefonica's bal-ance sheet, by the time he left the company was one of the most looked down upon institutions in the country. There is a telephone waiting list of more than 500,000 potential subscribers. The telephones still do not work properly, and Solana, almost everyone agrees, is to blame.
Solana is a member of the

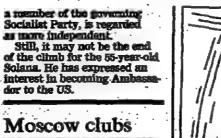
Trilateral Commission, brother of the powerful Education Min-ister and as faithful a fan of the Prime Minister, Felipe Gon zalez, as it is possible to imagine. In his new broadcasting job, he went too far. Solana banned boxing

Solana banned boxing ahows, scrapped a programme called The Right to Disagree, on which an important Socialist was criticised, banned a radio show which used to summarise the daily press (some of it critical of the Government), and blocked plans to make a Spanish version of the British political puppet sattre Spitting Image. Earlier this month, he was alleged to have month, he was alleged to have curtailed coverage of a parlia-mentary debate about the abuse of government pairon-

age.
To put it mildly, Solana had become a political embarrassment to the government he supported. Hardly anyone, however, expected him to be sacked without warning.

Solana's dismissal is part

of the Prime Minister's attempt to win buck favour in the coun-try following the allegations of broadcasting bias. He will be replaced by a professional journalist who, although also



**OBSERVER** 

Moscow clubs After welcoming McDonald's in Pushkin Square, Moscow is going in for a £62m golf course and hotel complex, 20 minutes drive from the Evenlin. It took 18 months to negotiate, but the London company, Golf Shows, has completed a deal with two Soviet sports ministries to build an 18-hole course and hotels to go with

it by the Moscow River.
"It is like building a golf course in the iniddle of Hyde Park," said a company spokesman. A 50-50 Anglo-Soviet joint venture has been set up to cre-ate it. The first tee-off should be in two years' time.

### Rationalise

How has the fashionable left reacted to the surprise defeat of the Sandinistas in Nicaragua? It has decided that 10 years is enough, could happen to anyone and gives hope for the removal of Mrs Thatcher.

### All Smith men Some of the world's most honoured economists are to gather in Edinburgh in July. The occasion will be the bican-tenary of the death of Adam

Smith.
At least 11 of the 20 living Nobel lementes will be unberdinto Edinburgh's Usher Hall for a two-day conference on Smith and all his works. Those who have accepted the invita-tion so far include Jan Tinbergen, Franco Modigliani, James Meade and James Buchanan.



A key session will be called The Wealth of Nations from Today's Perspective". Partici-pants will be apply Smith's malysis to current problems ranging from monetary policy to the welfare state, and to

to the weater state, and to review the present state of eco-montes and its future. Chief organiser is Michael Fry; philosopher, historian and larger than life figure among the politico-economic opinion formers of the Scottish capital. Italian security police once mistook Fry for the "Prince of Scotland" when he was cov-aring an economic summit in Venice for the Scotsman news

After the conference, the laureates will gather round.
Smith's grave in Edinburgh's
Cannongate Churchyard to
unveil a plaque in his honour.
that is, if they are still on

### Cut in style

■ Normally when I have my hair cut there is some mild pop music playing in the back-ground: "Top 20 from 1955" or something like that. This is not objectionable, provided

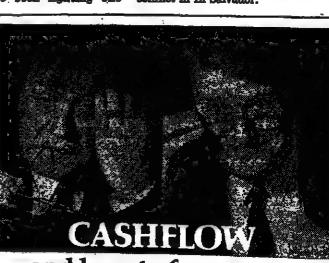
that it is not too loud. It means that you are not obliged to talk all the time. The other day when I went to the place that I have been going to for years, something had changed: it had switched to chamber music, nrobably direct from Radio 3. This is quite clearly the way to do it. Everyone listened and when whoever is the classical equivalent of a disc jockey told a story about Scarlatti, the lady next to me burst out laughing. Scarlatti had invented the way of playing the plane with one hand across the other, but he had to give up when he became too fat to do it. All very civilised.

### Irish Ecu

Charles Haughey, the Irish Prime Minister, has gone to great lengths to publicise Ireland's current Presidency of the European Council. The Presidential logo — a harp sur-rounded by the 12 European stars — is displayed every-where from the arrivals hall at Dublin airport to the side of the nation's buses. True to Ireland's literary traditions, a special poem was commis-sioned to celebrate the present momentous times in Europe. Now comes the commemora-tive set of Irish Presidency coins, each with the Irish Red deer on one side, the Presidential logo on the other. The coins will be denominated in ECUs and be issued to coincide with the EC summit in Dublin

Lent is nigh

Two months after a Nortolk vicar suggested in his parish magazine that parishioners might forgo a luxury for a while and give the money they saved to church funds, an elderly Scot handed him a paper bag full of 5p coins.
"How very good of you!" said
the vicar. "Aye." said the Scot,
"when I read your piece, I
decided to give up large whiskies and sodas — and those 5ps represent the sodas."



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problem these days. However successfully you combine diplomacy with sheer persistence to get the money in, it can be slow - and stressful, to say the least.

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### **LETTERS**

### Peace would be guaranteed by a united Europe

From Mr Nicolas Travers.
Sir, Professors Hanke and
Walters ("Reform begins with a
currency board," February 21)
show a remarkable lack of understanding for the political forces at work in East Ger-many when they propose the creation of an East German currency board managing a convertible East German Mark. East German citizens seek

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reunification. The merging of a divided Germany into a single state and the adoption of a single currency must form part of that merger. (D-Marks also rank as a truly magic totem to a population so long deprived of choice, a totem no revamped and convertible East German Mark could be the total and convertible of the could be the total and convertible of the total and convertible of the total and t Mark could hope to emulate. I write with feeling - my wife has an inconvertible and partially blocked East German bank account).

Sadly the professors' lack of understanding seems mirrored by parallel blindness in White-hall. Mrs Thatcher seems to take the view that British. French and US troops must remain in what is at present West Germany as part of a continuing Nato presence, allowing some matching Soviet presence in East Germany, with Germany as a whole bound into a fairly loose-knit European Community.

Many Germans see this as a prolongation of post-war occupation under another name.

pation under spother name, with Four Power garrisons guaranteeing a political status quo, and might well press increasingly, in a loose-knit EC, for Four Power military withdramal

withdrawal.
This is exactly what the Soviet Union proposes, providing a united Germany is both demilitarised and neutral. (It is interesting to note that con-trasting western and eastern views exactly mirror develop-ments in the Weimar Republic after the First World War, when Britain and France main-tained garrisons on the Rhine, but Russia backed German

elf-assertion). Mrs Thatcher consequently exposes herself to a future in which Russia could very easily wreck both Nato and the EC by offering to withdraw unilater-ally from Bast Germany in return for all-German move-ment towards Bussian goals. One can hardly imagine German voters would prefer con-tinuing Four Power occupation

to independent neutrality.
France, which has a much better — and perceptibly more bruised — memory than Britain, has much more sensible proposals. The French believe German reunification must accelerate European political and economic convergence, because only a politi-cally confederated and economically integrated Europe could harness pan-German renais-sance (which might otherwise be expected to move inexorably towards improving the lot of the million and more Germans east of the Oder-Neisse rivers).

Federal Europe might then-offer membership to Poland (providing Warsaw allowed a generous measure of self-gov-ernment to its German minority) and thereafter both expand by absorbing other east European states and progressively defuse local communal problems by developing regional administration (for example to

Germans and Hungarians in Transylvania, to Abanians in Yugoslavia, and to Turks in Bulgaria).

erman public epinion, egged on by some sections of the press, appears to have become increasingly exercised by what it sees as Mrs Margaret Thatcher's "hostility" to unification. Some British commentators too consider that the

rime Minister is "isolating"

herself from her European partners on this question.

However, there is no con-vincing evidence for such an

assertion, relevant as it might be to issues such as European monetary union or aenctions against South Africa

As is her wont, the Prime Minister, has bluntly stated that German unification is a matter of deep concern, not only for the German people, but for their allies in both Matter Prime and North

Western Europe and North
America. Others have been
more diplomatic and careful
not to offend German sensitivities. But the private comments
of officials and press articles in
Europe and the US show that

very much on the same wave-

It would be birarre - indeed

irresponsible – if they were to adopt the attitude that German unification was a matter only for the German people. Of

course, in the first instance

only Germans can decide whether they want to be

united in one country. But how this is to be achieved must affect and involve the US and

the other European countries, because of the vast implica-

tions of German unification for

Nato and the European Com-

The problem of the future

The problem of the mure relationship between a united Germany and the military alliances in Europe will give the newly-formed "two-plus-four"

co-ordinating group between the two Germanies and the

four Second World War alli-its biggest headache. To wipe the slate clean and draft an

entirely new pan-European

entitely framework at this stage is clearly premature, though a first stab at this will probably be made at the sum-

mit of the 35-nation conference

on Security and Co-operation

in Europe at the end of the

It is only natural that the transformation of the political situation in the Soviet Union

situation in the Soviet Union and eastern Europe and the subsequent fundamental change in East-West relationships should spark a spate of visions for Europe's future. Some of these foresee not only the withering away of all inflitary alliances, but the climination of war itself. For the

European union would guar-European union would guar-antee European peace and prosperity. This logic seems irrefutable — Europe currently faces union or division, with division leading inexorably to strife. (I have travelled extan-sively in those parts of Poland once counted as German, and met with a great deal of con-cealed ethnic German bitter-ness. Forced post-war Poloniacealed ethnic German bitterness. Forced post-war Poloniaation, with ethnic Germans compelled to change their names, harred from speaking German and discriminated against across a complete cultural, social, and economic spectrum is fualling growing irredentism). Britain's attempt to hover indecidually in some molifical

indecisively in some political middle ground can only foster instability. Union must surely rank as a better choice than a road leading towards conflict. Nicolas Travers, Birchfield Cottage, Middle Green, Slough, Berkshire

Enlarging the Community beyond a small coterie of nations

From Mr Peter Rodford. Sir, James Elles MEP (Letters, February 12) accus you of ignoring, in your editorial comment ("Europe whole and free," January 29), many awkward issues which would arise if negotiations for further: European Community enlargement were started in the near

future.

Mr Elles is right to stress the importance of the completion of the single market, However, there is no logical reason why the 1992 deadline, which was chosen in 1985 arbitrarily as a means of "relaunching" a stag-nating Community, should not remain flexible for any new members, as it may well have to for existing member states.

Indeed, when the Commission proposed the 1832 dead-line, the Iberian countries had not yet acceded, yet their entry, if anything, brought increased credibility to the pro-gramme. Nor should the importance of membership for democracy in Spain and Portu-gal be forgotten, a leason which may well prove crucial in assisting the countries of eastern Europe now emerging from their totalitarian night-

On the question of negotia ting accession for neutral countries, Mr Elles will know that, of the 12, Ireland has always been outside Nato. while France remains separate from that organisation's com-

mand structure. In addition, EC countries such as Belgium, Holland and Luxembourg have long, by reason of their size and history, held strong neutralist tendencies.

None of this is likely to impede the security sime of the Strong has been security sime of the Strong has been supplied to the security sime of the security sime security sime of the security sime securi

Single Act, which provides for the maintenance by the mem-ber states of "the technological and industrial conditions necessary for their security" as a principal objective. Mr Elles also advances the

roblem of how to increase the emocratic accountability of the Commission as a reason for putting further accessions on the back burner. The irony of subordinating the democratisa-tion of the whole of Europe to

RED

democratic fine-tuning in the EC would not be lost on the people of the countries of east-ern Europe.

Finally, on the question of how far the EC should enlarge.

the opportunity now at last presents itself to right the wrong which has been done with the hijacking of the title "Europe" by a small coterie of nations which has no proprietary right to the term and which, in so doing, has pur-ported to relegate the majority of European countries to sec-ond class status. Peter Rodford,

Director, European Affairs, Needham & James,

GREEN

### The Courtaulds demerger

From Mr Richard Lapthorns.
Sir, The Lex item of October
31 last year which passed initial comment on the Courtaulds Textiles demerger proposals, opened with the words:
"The curious thing about
Courtaulds' proposed demerger
is that it seems in the interests
of just about everyone execut of just about everyone except the taxman.

That was perfectly true (if ambiguous In language) because the intention in a demerger would be to divide a company in such a way as to leave the Inland Revenue neutral on the transaction, neither

gaining nor losing.
In practice, preparing Courtaulds' financial reconstruction
for the demerger has proved to
be difficult because the legislative framework within which the UK tax authorities operate has not been drafted to cope with the principles of demerger when set against the practicalities of fiscal life in 1990 -Advanced Corporation Tax,

options, pensions, and so on.
With the exception of
options, we have managed to

From Mr G. Colin Stanley.
Sir, We agree wholeheartedly
with John Muelbauer's thesis
"that the Government's reli-

ance on interest rates is dam-

aging the future trading performance of the most open sectors in the economy" ("A pattern biased against trade," Febru-

ary 19).
The policy is, of course aggravated by the lack of capi-

aggravated by the lack of capital allowances against curporation tax which means that curporate taxes contribute over 4 per cent of gross domestic product in the UK compared with 2 per cent in Germany.

The paper, printing and publishing sector is cited as an exception to the rule that unprotected sectors have had a relatively low level of investment. Although national newspapers have contributed to the growth in investment by the sector, other parts have invested heavily too.

Esprit sans frontières

From Mr Peter Daly.

Sir, The writers of two of your recent stories seem to think that sang-froid is an attribute of the French. I thought it was usually considered to be on Fredley within

Printing industry investment

effect the demerger in a man-ner which is broadly tax neu-tral but with hindsight that turned out to be far less pre-dictable than it ought to have

Last Thursday, commenting four months after the original piece on the anticct. Lex wrote: "The promised tax advantages seem meanwhile to have evaporated," giving the impression that throughout the life of the project Courtsmidshad been hoping to make a gain at the taxman's expense,

but had been thwarted.

The whole subject of creatinvented in Lex, and I am pleased to see that Lex has finally buried it too.

It is just a pity that this game of conjecture was played out in such a conspicuous column – one that I am sure, is read very carefully by many managers in the Inland

1979 and £319.6m in 1987, for example. The UK web printing

industry is the most modern in Europe. We believe that it is this high level of investment which has allowed the industry

to compete effectively in an open market.

substantial downward revision

favourable terms.

inture.
G. Colin Stanley,
Director General,
British Printing
Industries Federation.

11 Bedford Row, WC1

usual bloody cold."

An early attempt at transla-tion by a young Briton ren-dered "Voici l'Anglais avec son

sang-froid habituel" as "Here comes the Englishman with his

of investment programmes which can only undermine the

Sadly, a recent survey of our members confirms that current interest rates have induced a

Richard Lapthorne, Finance Director, 18 Hanover Square, W1

### Waterloo for wrongdoers

U.K. CUSTOMS

Sir, So I shall be able to declare all my drugs, pornography, rabid animals and firearms at Waterloo Station when I get off the train from Brussels in 1993 ("Observer," February 22). Why not start installing red channels at mainline stations now? With mainline stations now? With proper co-operation from wrongdoers, criminality could be reduced at a stroke. A.A. Reid, Avenue des Martineis 30, Brussels

From Mr David Asprey.
Sir, If Mr Philip Nash, former Commissioner of Customs
and Excise, really did justify
the retention of red/green customs channels as reported by Observer, it would be interest-ing to know his forecast of the number of travellers carrying drugs, pornography, rabid am-mals and/or firearms that would enter the red channel. David Asprey, 60 Barnstable Road,

# Net capital expenditure by the general printing and pub-lishing industry was £141.6m in

### A formula for pay increases

Sir, Mr Aubrey Jones (Letters, February 19) writes: "What is required is a device which might bring home to one group of pay settlers the implications of its action for other pay settlers and therefore for the community in general." In this context may I call attention to my idea of a "national pay adjustment factor."

Employees should have the right to bergain freely with their employers, both in the form of collective agreements and individually, but employers would be obliged to pay out not the wages and salaries as defined by the various agreements but these sums multiplied by a coefficient which the Government would determine and publish every month. industry's ability to compete against overseas printers who equip and re-equip on more This will mortgage our Government would determine and publish every month. The coefficient would take

The coefficient would take into account the rate of growth of average productivity in the economy as well as the rise in the index of contractual pay rates, and transform the latter into a rate of increase in the average of wages and salaries actually paid out that was compatible with the absence of patible with the absence of inflation. Initially this would certainly mean a month-to-month decline in the coeffi-

cient from its starting value of one, but in the longer run even a rise in the coefficient from one mouth to the next is con-

Such an arrangement would

Such an arrangement would undoubtedly make employee groups interested in the pay increases achieved by others and induce the various groups to negotiate not only with their employers but, formally or informally, with each other.

This idea was first published in Italian in the May 1965 issue of Economia Internacionale. In 1975 it was rejected by the British Government of the day. Sir Alan Peacock, at that time Chief Economic Adviser to the Trade and Industry Department, wrote in his book The Economic Analysis of Government and Related Issues (Maytim Robertson, Oxford 1979); "I managed to have one scheme discussed at Cabinst level but it was much too radical for my it was much too radical for my masters and, consequently, was thrown out? According to reliable information this referred to my proposal. Perhaps it should be looked at

again. Peter G. Ellam, St Bishop's Road, Combridge

### ered to be an English virtue. If I am right, your writers are not the first to get it 69B Vicarage Road, Wollaston, Stourbridge, West Midlands

From Mr John Bruce Lockhart.

Sir, The world seems to have taken leave of its senses over South Africa. If certain uncomfortable political factors were quietly considered by differing vested interests outside South Africa, the vast gap between rhetoric and reality might be narrowed. Four of the uncomfortable realities are:

The African National Congress (ANC) is not, and never gress (ANC) is not, and never has been the sole representa-

tion of black political aspira-

tions in South Africa, Mr Mandela's immaculate behaviour since his release from fail does not alter this reality.

 The continual imposition of The continual imposition of sanctions, boycotts and disinvestment increases black unemployment, encourages violent extremism (both black and white) and discourages the efforts of those inside South Africa who would abolish apartheid by non-violent reform.

As the late, great, anti-spart-

heid warrior, Alan Patom publicly told the then Bishop Tutu, there is no Christian morality involved in putting a black man out of work in order to achieve political power.

The central political problem facing President de Klerk is how to create a viable multiracial state out of a group of powerful tribal, political or ethnic minorities. It is an

nic minorities. It is an immensely complex problem. The continuation of sanctions, the canonisation of Mr Man-

### South Africa: 'uncomfortable realities and Alice in Wonderland' dela and the over-simplifica-tion of complex issues dimin-ish President de Klerk's

chances of finding a sensible compromise. compromise.

The evidence of the last 30 years shows that western style democracy does not work in Africa. To believe that "one-man one-vote" will solve South Africa's problems, is to join Alice in Wonderland.

John Bruce Lockhart.

The Reform Club,
Pull Mail, SW1 **FOREIGN AFFAIRS** 

# Dilemma of a united Germany

Robert Mauthner assesses the implications for Nato of German reunification

moment, however, Western headers are not discussing uto-pias, but first steps - models which attempt to take into account the West's desire to account the West's desire to incorporate a unified Germany into Nato, while meeting Moscow's security concerns.

The latest official statements coming out of Moscow represent a hardening of Soviet opposition to the kind of formula worked out by Chancellor Helmnt Kohl of West Germany and President George Bush at Camp David over the

Bush at Camp David over the weakend. Any solution which involves Nato membership for a unified Germany would lead to an "inadmissible" disturbance of

the military balance between

would it continue to exercise with the Russians or participate in Nato manoeuvres? Which side would inherit East Germany's military equip-

Developments in eastern Europe and the prospect of German unification have, not surprisingly, also played havoc with Nato's military strategy. The doctrine of flexible response, which provides for a graduated escalation towards nuclear weapons if an attack against Nato territory cannot be halted by conventional means, remains theoretically valid.

In practice, however, a conventional attack against Nato

### Some foresee not only the withering of all military alliances, but the elimination of war itself

Nato and the Warsaw Pact, according to the Soviet Foreign Ministry. That, of course, pre-sumes that the Warsaw Pact is still in existence, which is becoming an increasingly doubtful proposition.
But even the hybrid formula

envisaged by the US and West German leaders, combining Nato membership of a unified Germany with a "special mili-tary status" for East Germany, raises enormously complicated problems. Such a system pre-sumably means that US and other Nato members' troops would continue to be stationed in the western part of Ger-many, while Soviet troops would remain in the sestern

But what would happen to the 170,000 strong East German army? Would it merge with the West German Bundaswahr? If

territory will become less and less likely as Nato and Warsaw Pact forces are reduced to ever lower equal ceilings. And what is to be said of a forward defence doctrine which continues to treat the present eastern border of West Germany as the one to be defended, instead of the frontier of a united Germany within Nato?

Ironically, nuclear weapons which have been the subject of so much controversy within Nato over the past decade, have hardly figured in the pub-lic debate on the future of the alliance in a restructured Europe. It goes almost without saying that the issue of the modernisation of short-range nuclear weapons, over which Mrs Thatcher fought so many fierce battles, is now a dead letter. Hotly opposed by the West German anti-nuclear

lobby because they would be used mainly on German territory, the short-range nuclear weapons would be even less politically acceptable after uni-

fication. At the same time, the pro-gressive reduction of the Warsaw Pact's conventional superi-ority has greatly weakened the military argument in their

Yet as Nato re-examines its strategy, it is certain that the debate on nuclear defence will resurface in some form. The Bush Administration has expressed its intention of maintaining its military presence in Europe and Germany, in par-

Although the US's latest agreement with Moscow on troop levels is not final, even if US soldiers in Germany are reduced from their new floor of 195,000 to 100,000 or less, Washington will not want to keep them there without some bat-

tlefield nuclear protection.

If land-based short-range nuclear arms are to be the subject of negotiated reductions with the Soviet Union, as foreseen, pressures will grow for that nuclear protection to be provided by a new generation of air-launched "stand-off" weapons on US, British and German aircraft, or sealaunched cruise missiles.

Mrs Thatcher, no doubt, is already preparing for such a debate. But it will have to be handled extremely carefully, if it is not to spark another mas-sive and damaging row within the Western Alliance, which could easily spill over into arguments about the future relationship between Germany

and the Western Alliance.

Though recently prepared to make all sorts of important diplomatic and military concessions, the Soviet Union has not yet formally abandoned its stated preference for a neutral ised Germany,

The existence of a large neutral state in the heart of Europe — armed, as neutral states always are — is rightly considered by the West as a recipe for instability. But such a solution could win popular support in Germany itself, as the conditions for unification are hammered out and after elections in the East and West

this year.
Potential internal dissent within Nato over the German question is now a bigger threat to the alliance than external attack. The alliance's existence depends at least as much on its success in solving such deli-cate political problems as it does on military capacity and

# "It's not just business sense to care about the community. It's common sense."

A heirman & Group Chief Executive Grand Metropolitan, = 1.1

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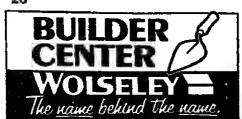
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# **FINANCIAL TIMES**

Tuesday February 27 1990



PROPOSALS FOR FULL-SCALE PRESIDENTIAL SYSTEM GO BEFORE PARLIAMENT | Perrier to

# Gorbachev's allies press for reform

By Quentin Peel in Moscow

PLANS for a full-scale presidential system in the Soviet Union, with direct and contested elections in a secret ballot, have been presented to the Soviet parliament for urgent consideration.

The first details of the draft law were revealed yesterday, with supporters of Mr Mikhail Gorhachev, the Soviet leader, pushing for an emergency session of the country's Congress of People's Deputies – the supreme constitutional authority - to approve it as a matter

of urgency.

Although the post is clearly intended to have sweeping executive powers, Mr Gorbachev's top advisers insist that a system of checks and balances, on the US model, would prevent it becoming a dictator-

ship.
Mr Yevgeny Primakov, a
junior Politburo member and
chairman of the Soviet of the Union, one chamber of the Supreme Soviet (parliament), suggested that while the president would be able to veto parliamentary legislation, the Supreme Soviet would also be able to override his veto with an adequate majority. an adequate majority. However, he made it clear

that the initial plan was for Mr Gorbachev to stand for indirect election, through the Congress of Deputies, because a direct election in the present political climate would be "destructive

The draft law presented to the Supreme Soviet yesterday provides for an executive presi-dent, serving a five-year term, to be elected under "universal, equal and direct suffrage by

EC accuses

**US** over

telecoms

By Lucy Kellaway

in Brussels

Trade) talks.

IIS market

imports in 1987.

legislation

TENSION between the EC and the US over telecommunica-

Agreement on Tariffs and

It was responding to the recent US decision to keep the EC on its so-called "priority

list" for negotiating away bar-riers to imports of US telecom-

munications equipment.

The EC protested that recent

measures to open up the tele-communications market

within Europe would have big benefits for US companies.

It pointed out that the US

telecommunications surplus

with Europe was rising, which

it said was because of difficul-

tles encountered by EC export-

ers in winning access to the

In 1988, the US exported

\$788m-worth to the EC and

imported \$370m-worth, com-

pared to \$569m-worth of

exports and \$243m-worth of

The BC also said specific complaints raised by the US over the access of AT&T to the

European market had been

The US persistence in keeping the EC on the priority list was a means of obtaining for

the US a privileged place in the single market discussions,

and of pre-empting decisions to be taken in the Uruguay

Round talks, EC officials said.

wide range of matters, from

technical decisions on stan-

dards to measures on public

Commission officials said

the US had responded with some concern to the "Buy Europe" clause inserted in the EC directive on public procure-ment, agreed last week.

This would give European telecommunications manufac-

turers a 3 per cent advantage over third-country companies.

But the EC argues this level is

half as high as exists in the

These discussions cover a



President Vaclay Havel of Czechoslovakia greeted in Moscow yesterday. His arrival coincided with the departure of the first trainloads of Soviet troops from his country. Report, Page 3

secret ballot," according to Radio Moscow's Interfax news

The president will be commander in chief of the armed forces, with the power to nominate a prime minister, powers Mr Gorbachev aiready enjoys as a semi-executive president. He will also be able to propose the resignation of a govern-

ment to the Supreme Soviet, declare war, conduct negotia-

tions and sign international

Mr Primakov, in a newspaper interview, said he would head a Presidential Council, including the Prime Minister,

defence and foreign Ministers.
"I am convinced it would be useful to include in this council such political figures who would help the president feel the pulse of the nation and the atmosphere in society," he

That vision of the Council confirms the view that it would replace the Politburo of the Communist Party Central Committee as the dominant force in society, while allowing Mr Gorbachev the freedom to choose his most powerful col-leagues, and so free himself from the constraint of the conservatives in the ruling party.

# Treaties extended to Gibraltar

By Peter Bruce in Madrid

BRITAIN has agreed to draw Gibraltar into two bilateral agreements it has with Spain in an effort to clamp down on drug smuggling and money

laundering from the colony.

The decision, volunteered by
Mr Douglas Hurd, the British
Foreign Secretary, during talks
with his Spanish opposite number in Madrid yesterday, marks the first time London has extended a treaty held with Spain to cover Gibraltar. Mr Hurd said, however, it

tions trade deepened yesterday with the EC accusing Wash-ington of using its domestic legislation as a bargaining counter in the present Ura-guay Round of Gatt (General would not be possible to impose similarly a 1967 agree-ment between Britain and Spain on the joint use of the sirport in the colony on Gibral-tar, saying Britain did not have full control over Gibraltar's

The two sides agreed to extend a 1985 extradition treaty and a 1989 anti-drug pact to cover Gibraltar and Mr Hurd also agreed to include Gibraltar under the provisions of the 1987 Naples Convention on multiple systems assistance.

"I was very anxious to meet

on mutual customs assistance.
"I was very anxious to meet head on Spanish concerns about smuggling and drug trafficking." Mr Hurd said. However, he urged the Spanish authorities to band over any hard evidence of smuggling to the Gibraltarian authorities.

Spain has recently begun to Snain has recently begun to

complain loudly about smuggling into its territory from Gibraltar and about evidence that the colony's efforts to become an offshore financial centre were attracting increas-

ing incidents of laundaring of drug profits. Mr Francisco Fer-nandez Ordonez, Spanish For-eign Minister, said yesterday that Madrid would in future pursus "energetically" sus-pected amugglers and money launderers from the colony. He raid no progress had been made on persuading the Gibraltarian authorities to agree to the terms of the

agree to the terms of the Angio-Spenish accord on joint use of Gibraltar's airport. He also warned that Spain was studying the feasibility, of-building a competing airport

He said Madrid had decided to go ahead with a big investment programme to develop Spanish territory surrounding Gibraltar.

# **UK tries to weaken waste accord**

By David Thomas, Resources Editor, in London

THE BRITISH Government is trying to weaken significantly an agreement on waste dumping in the North Sea which ministers of nine European countries are due to conclude

next week. A leaked copy of the draft final declaration, due to be agreed by the third North Sea conference in The Hague, was released yesterday by Green-peace, the international envi-ronmental organisation.

The 45-page draft contains

The 45-page draft contains notes on the positions of the participating countries. These

The Government has submit-ted an alternative proposal to monitor and revive dumping show that Britain is trying to remove or extend specific dead-lines for phasing out the dumpoperations, with a view to adopting land-based means of disposal whenever this becomes a macticable alternaing of certain types of waste. Mr Paul Horsman, Green peace's toxics campaigner, said yesterday: "Every time an ini-

yesterday: "Every time an initiative comes up for pollution prevention, it's the UK which is dragging its feet."

Britain is opposed to a proposal in the draft declaration to gradually reduce the dumping of sewage sludge in the North Sea, aiming at a termination within a transitional nation within a transitional period of five years."

ment a ban on PCBs (poly-chlorinated hiphenyls), chemi-cals used in industrial products which can contaminate marine

The draft North Sea declara-

tion also shows that Britain

wants to take longer than most European countries to imple-

### A woman to make history

Continued from Page 1

served nine months in the prerevolutionary government in exile and then the first postrevolutionary junta. The Sandinistas needed her name to create a broad base of support but she soon left disillu From then on she dedicated herself to running her newspa-

This she turned into a crusade, involving the aid of the US government, ensuring fre-quent clashes with the authorities that led to the presses being closed several times. Inside Nicaragua, La Prensa became the main focus of anti-

Sandinista activity.

guished. She was forced to go around on crutches with a leg in plaster due to a bone dis-

At times she was carried in a wheel chair to the derision of the Sandinistas. Her speeches showed little depth and when questioned fell back quickly on However, she has adopted all

the arguments of free market economics and is committed to rolling back the Sandinista She now has to prove that

she has tact as well as passion, political instinct and insight as well as political commitment. Otherwise, she will continue to

### **Bush welcomes** Chamorro win

Continued from Page 1

Some estimates in Washington suggest that Nicaragua may need as much as \$4bn to rebuild its economy. Mr Bush also expects other countries to join in the effort to aid Nicara-

Mr Bush said he had talked to President Carlos Andres Peres of Venezuela about "appropriate trade and eco-nomic measures" to help the new government. One issue will be refinancing Nicaragua's external debt - the Central American state is more than \$200m in arrears to the World Bank, Inter-American Develop-ment Bank and other multilat-

### refresh its image with worldwide advertising

Dy William Dawkins in Paris, Philip Rawstorne in London and Alun Friedman in New York

PERRIKR, the French bubbly mineral water, is to be relaunched with a worldwide multi-million dollar advertising campaign in an attempt to wash away memories of the

wash away memories of the discovery of traces of benzene in some of its production.

Source Perrier, the French mineral water, soft drinks and cheese producer, which two weeks ago promised to withdraw the entire world stock of its main brand, will amounce details of its ambitious publicity campaign in the next few ity campaign in the next few

days.

Analysis expect it to be one of the biggest damage limitation exercises launched by the drinks industry, as well as one of the most difficult given the sheer importance of image to Percier's future. However, the Parts stock market continued to be sceptical and Percier's shares ended down FFr52 at FFr1.433 vesterday.

FFT1,433 yesterday.

The pear-shaped green bottles will reappear with much the same design, but will bear labels marked "new produc-

This will be backed up by an "extensive newspaper and tele-vision advertising campaign," said Perrier.

said Perrier.

The exact budget would be decided by local Perrier subsidiaries, said the company, which did not confirm suggestions that the group was prepared to double its annual \$50m advertising budget.

But Mr Sylvan Massot, European analyst for UBS Phillips & Drew in London, said:

There is no doubt that the company is going to support the relatinch with a major marketing effort. It is a very aggressive company and I

aggressive company and I believe it will be prepared to take a substantial drop in profits this year to regain its market share."

Perrier had recalled more than 90 per cent of its world stock of 160m bottles by yes-terday. All production had been returned in Britain, North America, Asia and the Far East, said Perrier. The company had no comment on a lawsuit filed by US consumers, laws aft filed by US consumers, alleging that Perrier knowingly sold contaminated water. Slightly less than that had been returned in France and neighbouring Continental European countries. In a demonstration of Gallie sangfroid.

even the best Parisian restanrants have been continuing to offer Perrier throughout the Perrier UK claimed yester-

day that British retail chains and other trade contomers had been "enormously supportive." There were no signs of any reluctance to renew stocks when they became available, probably in the first week of

Leo Burnett, the UK advertising agency, has been work-ing on a new advertising cam-paign for the relaunch, which is expected to abandon the light-hearted approach of pre-vious advertising to provide a

more serious, reasoning mea-ment to consumers.

Although it may take Per-ther come these to re-establish its premier position in the market, most industry observers expect it to-make a suc-

In the US sparkling water market, which last year accounted for more than \$360m of the total \$2.2bm of bottled water sales, bars, restaurants and retailers have turned rather quickly to other brands, both imported and

regional US products.

Rvian, the non-sparkling water that is a subsidiary of BSN of France, has begun a nationwide advertising blitz on television and in the print media. The newspaper cam-paign, described rather slyly by Evian as a "public service" ad, is 2,500 words of copy under the headline "Just a

The just-retired "Mr Yamada" has invested a third of his savings in shares, gener-ally in communications and trade-related issues ("trade will

on often uncritical advice from a broker or a financial newslet-

contemplating further pur-

# Turning a blind eye to Tokyo

The caim response by Wall Street and London to the latest slump in Tokyo is puzzling. Those who believe Japanese Those who believe Japanese equities have been overvalued for years may see the correction as a purely local matter. But this is to forget the importance of Japanese savings for the global economy. Japanese government bonds are now offering real interest rates of more than 5 per cent. This is making Japanese equities look expensive: but it is also making US Government bonds look ing US Government bonds look far less attractive to Japanese huyers. Only a committed con-trarian would believe that the yen is going to be devalued by another 17 per cent against the

dollar in the current year.

It is possible to explain the savage correction in Japanese bond prices in terms of worries about political instability, potential inflation and roaring money supply growth. Clearly there are tensions. The yen has been going down because of fears that the authorities would not raise the official discount rate. By contrast, bonds and equities have been falling because of worries that the discount rate was about to be raised. Similarly, the increas-ingly public recriminations between the Ministry of Finance and the Bank of Japan have focused attention on the genuine inconsistencius in cur-

rent Japanese policy.
It would only be possible to argue that Japan's money supply growth of over 11 per cent per annum is not a problem if the exchange rate did not keep on falling. Meanwhile, the sight of the Ministry of Finance pumping money into the system to prop up the bond market while the Bank of Japan is removing money via its support operations for the yen only highlights the official relies frictions. policy frictions.
It is hard to believe that in a

system like the Japanese one these differences will not be settled eventually. But the longer the delay, the greater the risk of overkill and the possibility that that and he risk of overkill and the possi-bility that this could have a knock-on effect in other mar-kets. There is no denying that the Japanese equity market is different from others in impor-tant respects. But it would be dengerous to infer that what es on m. Tokyo is of no relevance. The parallels with the run up to the October 1987 global market crash are beginning to look increasingly ominous. The hig difference now is that most of the factors that underpinned the world's big-gest stock market in 1987, such that most of the factors that underpinned the world's biggest stock market in 1987, such as falling oil prices, a strong question of Williams being

currency and surging corporate profits, are no longer in evidence. If Tokyo falls much further, the rest of the world's stock markets cannot go on ignoring the message.

UAP

It is hard to see quite why France's largest insurer needs to raise FFr10.5tn with a pub-lic offering of shares when it has at least FFr48bn of unrealised capital gains in French blue-chip equities and Parisian real estate. By the same token, however, UAP will have its attraction to a certain kind of attraction to a certain kind of investor, even though he or ahe is unlikely to be from the UK. After all, if British fund managers want to invest in an over-capitalised composite, fat with years of conservative reserving, they can get along nicely with General Accident. The appeal of UAP is that with the shares offered at FFr 625, the discount to real net asset value is close to 40 per cent. value is close to 40 per cent. The network of minority stakes UAP has in sundry European insurance companies is all very interesting, but of much less tangible value.

### Williams -

There is a school of thought which says this is a crucial time for Williams Holdings' fortunes. The shares have underperformed the market by market by any other than the market by nearly 40 per cent in the past two years, mostly because of suspicions that brash young untits of this kind respond to hard times by falling apart. Williams reported sarnings growth for 1989 of 4 per cani. Forecasts this year are for a similar token rise. If Williams can then bounce back in 1991, perhaps it

another Coloroll or Saatchi. Though balance sheet gearing has jumped to over 50 per cent, interest arranged at 11.11 times interest cover is still 11 times. It is also reassuring that a company with 40 per cent of sales to the UK consumer should feel able to raise its dividend by 15 per cent, even if it also has the cushion of a simi-lar chunk of sales devoted to the bouning aerospace indus-

But is is not clear that Williams is another Hanson or BTR either. Such conglomerates are not there to consolidate in times of downturn, but to grow their earnings regard-less. Both Hauson and BTR are expected to produce earnings growth of at least 10 per cent this year. It is perhaps unfair to compare Williams with two such mature organisations. But through the recession years of 1990 and 1981, both Hanson and BTR kept earnings growth at well over 20 per cent. Williams currently stands at a discount to both, and has yet to show that it deserves

### Vickers

If there is a debate going on in investors' minds about the future of Vickers, yesterday's results and the market's reaction have made the issues a little clearer. On the one hand, little clearer. On the one hand, the price suggests that the stock market has given up on the idea of a break-up bid for Vickers. Even after yesterday's 10p rise to 205p, prompted by the higher-than expected 19 per cent dividend increase, the shares are trading at no more than nine times 1990 earnings. If there is any speculative prein there is any speculative premium in that figure at all, prompted by Sir Ron Briarley's is per cent stake, it can only be a slender one.

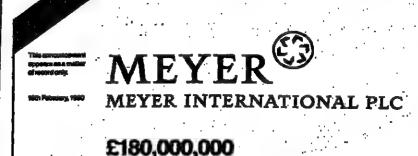
As for the figures, there are some pleasing little wrinkles such as the £79m pension fund appoints or the extre \$54m of

surplus, or the extra £54m of fixed assets thrown up by the first full property revaluation since 1979; something, presum-ably, not entirely unconnected with Sir Ron. But the heart of the matter is that whether Vickers gets its Challenger 2 order or not, defence is now leading down to perhaps less than 9 per cent of operating profits this year. That makes it all the more clear that Vickers is going to stand and fall by the performance of Rolls Royce Motors and its aerospace components division. Since these are the two areas where Vickers is strongest, one hopes they are going to be where it spends its £140m cash pile.

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Multi-Currency Medium Term Loan **Short Term Revolving Credit Facility** 

Arranger and Agent: Swiss Bank Corporation Lead Managers:

Algemene Bank Nederland MV

The Bank of Tokyo, Ltd.

Bank PLC

Girozentrale

Bayerische Landesbank

Girozentrale London Branch

**Swiss Bank Corporation** 

The Fuji Bank, Limited

Westdeutsche Landesbank

National Westminster

Midland Bank plc

Barclays Bank PLC

Her performance during the election campaign was coura-geous but often undistinbe used by others merely for her illustrious name. Drop of What You Should Know About Water." The Royal Bank of Scotland plc WORLD WEATHER The sure thing that became a loser Union Bank of Finland Ltd always increase"). He appeared unperturbed by his paper losses yesterday, however, and was relieved that "the extraor-Continued from Page 1 Small investors have been made more sceptical by recent revelations that a securities company covered the losses of cherished corporate clients, the much money from land and stock speculation, and not Managers: ANZ Grindlays Bank plc from hard sweat. • "People have been getting money too easily. The wealthy have been earning money just by owning land and the stock market has been distorted, I dinary has become more ordi-nary." **Westpac Banking Corporation** uncovering of a series of investment scams, and the sight of their politicians mak-For him, as for many Japanese, investing in stocks is a harmless hobby, with rapid turnover of stocks to keep the ing easy money in the Recruit stock scandal. think the Government has decided that the distortion should end," he said. **Swiss Bank Corporation** excitement going and enough of a return in an ever-rising Investment Banking But Japan's punters appeared to be riding out their market to cover the brokers losses yesterday and, just before closing, Mr Fukaya was fees. For others, a larger share of savings has been invested 11 62 Heriganik 34 -1 35 11 62 Reedings at <del>add day yesia</del> 14 67 Reedings at <del>add day yesia</del> 5 17 63 C-Cloudy Dr-Dritzele F-Feitr Fig-Forg H-Half R-Rail S 21 70 3-Spin St-Cloud Stationer 7-Terrander

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COMPANY CAR COST CONTROL MIDLANDS Teb (021) 632 4222

**FINANCIAL TIMES** 

# COMPANIES & MARKETS

Tuesday February 27 1990

### **ॐNO**MURA

**Local Commitment Global Capacity** 

Nomura international pic, Nomura House, 24 Monument Street, London EC3R 8AJ. Talephone: 01-283 88:11 Telex: 883119

### INSIDE Zimbabwe reaps a



Zimbabwe's farmers have seen the light, at least as far as runner beans are concerned. Tall Iron towers topped with arc lights are scat-tered across fields to lengthen the daylight hours for acre upon acre of green runner beans, which within days find their way to shop shelves in Britain. For Zimbabwe's farmers, the profites is a welcome change from the the produce is a welcome change from the more traditional crops of tobacco and maize, while the Government is happy with the employment and foreign exchange the new crop provides. Bridget Bloom reports, Page 35

### Losing out in a merger

Not all the employees at Bergen Bank and Den norske Creditbank are overloyed at the Norwe-gian banks' Impending merger. The two yester-day announced staff cuts of between 1,100 and 1,200 from the current 8,000. In total, Bergen Bank and DnC alm to reduce domestic staff in the parent banks by 700 and foreign and domestic employees at subsidiaries by between 400 and 500. This will achieve cost savings in 1991 of between NKr500m (\$77.3m) and NKr750m. Page 28

### In the corridors of power



Four years ago Henry Barrett was a conservative, family-run steel and Industrial products group, Then, the appear ance of two young Turks In the forms of James and Richard Barrett, in alliance with finance wood (laft), transformed the company. But their initial strategies had to

be developed in the corridors due to a family tradition that barred the young Barretts from board meetings until they reached the age of

### Suffering from Japanese fall-out

Japan's discomfiture dominated the internstional stock market scene last week, as Tokyo Tell 7.5 per cent, feading the FT-Actuaries
World index down to a 4.8 per cent decline on
aggregate. Europe went through its own period
of reappraisal, with the continent down 3.7 per cent on the week and Beiglum, France, West Germany, the Netherlands and the UK all suftering above-average falls. Only Austria pro-vided welcome rollet. Page 48

### Swapping relief for uncertainty

Any relief drawn by the swaps market from last week's Court of Appeal ruling that local author-lties may manage their debt through their activity in the swaps market is likely to be short-lived. The market, and especially foreign banks, continue to be uncertain about exactly what local authorities can do, writes Deborah Hargreaves. Page 30; Law Report, Page 35

### **Market Statistics**

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New Int. boad Issues
World cozmodity prices
World stock ank! indices
UK dividends amnounced
UK dividends amnounced

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# Vickers up 20% as Brierley lifts stake

VICKERS, the UK engineering. VICKERS, the UK engineering, defence and Rolls-Royce cars group, yesterday announced an increase of almost 20 per cent in pre-tax profits for last year. At the same time, Sir Ron Brierley, the New Zealand entrepreneur, confirmed that he had raised his stake in the group from 17.25 per cent to 18.2 per cent.

Pre-tax profits for the 12

Pre-tax profits for the 12 months to December increased from \$59.8m to \$83.6m (\$142.1m) on turnover down more than 10 per cent from £778.3m to £695.7m. The drop in sales was mainly because of the disposal of How-

son Algraphy, Vickers' lithographic plate-maker, midway through the year.

Operating profits on continuing activities were static, at 254.7m. Vickers said this was because of the sale of Howson (which contributed just five months' trading), the rundown of the Challenger I tank-building programme and a £4m fall in profits on property activities.

Rolls-Royce performed better than analysts expected, with operating profits up marginally from £23.2m to £24.7m. Vickers and currency movements cut

to £11.6m. For medical equipment, they rose from £6.9m to £8.9m and on marine engineering from £1.7m to £4.9m.

The biggest boost to overall profits resulted from interest accraing on trading cash-flows and money in the bank. Interest totalled £17.5m compared with a deficit of £7.4m in 1988. "The main parts of the company are in very good shape indeed," said Sir David

profits at the division by about 55m.

Profits on defence and zerospace activities fell from £15.5m to £11.8m. For medical equipbetter than analysts expected and Vickers' share price rose 10p to

> Two unsettling issues remain for Vickers: IEP Securities has been stalking it for two years and has been trying to persuade the British group to hive off

and that to do so would be had and that to do so would be had for the luxury car-maker.
At the current share price, Sir Ron would make a loss on his shareholding and some analysts believe that he has missed the boat by falling to sell his interest when Vickers' share price rose to 250n lest were

250p last year.
The other question surrounds potential orders for new tanks following the changes in eastern Europe. Vickers is still confident of orders, though the number Vickers is issuing a letter to might be 230 less than original shareholders today saying Rolls-Royce will not be hived off Lex. Page 26; Picture, Page 32 might be 290 less than originally

# Akzo earnings hit record high

AKZO, the Dutch chemicals and fibres group, earned a record F1954m (\$504.8m) in 1989 thanks to a huoyant economy, stable archange rates and a better product mix. Reflecting the banner year Akzo raised its 1989 dividend to F18 a character from F17.50 dend to F18 a share from F17.50

Net income jumped 13 per cent to F1954m from F1843m, while per-share earnings rose a more modest 5 per cent to F122.02 from

The robust performance was fuelled by healthy economic expansion worldwide, the Dutch guilder's relative stability against other currencies and Akzo's

be maintained at 1989 levels "pro-vided that the general economy does not develop adversely and maintained rates remain stable." Mr Loudon's relatively optimis-tic forecast contrasts with that of more pessimistic observers who, during the past year, have pre-dicted a chemicals industry alumn.

Akso's operating income surged 20 per cent to F1.77hm in 1988 from F11.42hm on growth

efforts to tilt its product mix toward higher value-edded chemicals and librar.

Mr Aarnout Loudon, chairman of the board, said yesterday that Akzo expected 1990 earnings to be maintained at 1960 levels "provided that the convent account of the convent account of the product to tilt its product areas. Sales climbed 13 per cent to Fl 18.7bn in 1988 Acquisitions accounted for 5 percentage points, higher selling prices 4 points, greater volume 2 prices 4 points, greater volume 2 1968. Acquisitions accounted for 5 percentage points, higher selling prices 4 points, greater volume 2 points and exchange rates 2

Mr Loudon also announced several strategic moves — includ-ing setting up more business units — designed to increase Alzo's efficiency and flexibility. Akzo is also watching develop-ments in eastern Europe and the Soviet Union where it has summal sales of almost F1500m, said Mr



# Barring the doors to the temple of doom

David Waller explains the role of administrators and how companies can benefit from their services

finding itself in the hands of a receiver. Or, in the case of Sock Shop last week – and the UK subsidiaries of Drenel Burnham Lambert the week before – in the hands of a special type of receiver, known as an adminis-

The word sounds ominous, as if it were the title of a film starring Al Pacino or Michael Douglas. But the administrator is much misunderstood: his appointment to a company ought to be a lot less disturbing to management, employees, shareholders and creditors than that of a liquidator or an administrative receiver. Indeed, the administrative tor can often be a corporate sav-

Administrators came into being as a result of the Insol-vency Act 1986, a seminal piece of legislation which updated an area of the law that had not been properly reviewed in a century. There were technical reasons for creating this new type of legal being, but just as important was the desire to give financially-troubled companies a better there of smaller than there chance of survival than they

might have had under the old regime.

The new procedure is similar to old-fashioned receivership, but with some hig differences. Both administrators and receivers take over the running of a troubled company. But the receiver does so at the express command of a creditor, a holder of a debenture or the charge over the company's assets, such as a bank. The receiver's job is to sell as many of the company's assets as neces-sary to pay off the debts to the creditor or banker who appointed him or her.

By contrast, the administrator is appointed by the Companies Court. The procedure is available not only to creditors but also to the company's management.

Sock Shop, Declan Kelly, British Island Airways, Zodiae Toys...hardly a week has gone by this year without a large UK company getting into financial difficulties and powers superior to those of the receiver. Into this category fall landlords, purveyors of hire-purchase equipment, mortgagees and suppliers who delivered goods subject to "reservation of title," that is, those goods that in other circumstances could be reclaimed if the customer showed signs of getting into difficulty.

There are four citeria that can

be cited as grounds for asking the court to appoint a receiver. In the case of Drexel's UK subsidiaries, the reason given by the directors was that the appointment would lead to "a more advantageous realisation of the company's assets" than via a liquidation. Sock Shop, more hopefully, urged that the appointment would lead to "the survival of the company...[or any part of it] as a going concern."

going concern.

Although the business prospects for these two companies are different, the circumstances are similar insofar as protection from creditors is likely to be beneficial to shareholders and creditors in general. Were Drezel, for example, to go straight into liquidation, it would be virtually impossible for the company to carry on trading. As it is, Mr Tim Hayward, the Peat Marwick McLintock partner appointed as administrator a fortnight ago, can conduct an orderly retreat from the various markets in which the various markets in which Drenel was a player.

s Sophie Mirman, founder, chairman and joint managing director of Sock Shop, and Messrs Peter DuBulsson and Phillip Sykes, partners of Rinder Hamlyn and Sock Shop's administrators, all believe that the hosiery company's cash-flow problems are only temporary, Imagine, though only temporary. Imagine, though, what might have happened if the administrators had not come aboard: the leaseholds on the company's numerous outlets would have been revoked and

suppliers would have moved in to reclaim all the stock. Mr Sylves explains that Sock Shop now has a breathing space. It can sort out its management problems and remedy its cashflow crisis without creditors breathing down its neck. With luck, the company will emerge relatively unscathed in a few months' time.

wo technical points: the procedure is designed to serve the interests of creditors and not simply to keep businesses afloat. Within a matter of months Sock Shop will be obliged to do one of three things: go into liquidation; be handed back to its management: or present a management; or present a scheme of arrangement to creditors. Second, the procedure can-not go ahead without permission from creditors holding a "floating charge over the company's assets. This permission is not

always forthcoming.

It is often said that administra-It is duen sant that administra-tion is broadly equivalent to Chapter 11 in the US. Only broadly: the big difference is that, in the UK, management is handed over to an independent insolvency practitioner, rather than left in the hands of the man-agers, who are embodied in the agers who are embroiled in the company's troubles. How successful has the scheme

heen? Administrators were appointed to 131 comparis in 1987, 198 the following year and 129 last year, hardly enormous numbers when one considers that around 8,000 companies went bust last year. Although over half the companies are believed to come out of administration in a healthy state (the statistics are healthy state (the statistics are somewhat limited on this point), it is not clear that the mechanism is very helpful to those small companies most likely to have problems. For one thing, the legal costs are very

high.
That said, it looks as though there will be many more adminis-trators about as the economic slowdown takes its toll on corpo-

# **Body Shop down** despite EC doubts on animal testing

By Tim Dickson in Brussels and Maggie Urry in London

FEARS that cosmetics manufacturers will be required by the European Commission to test products on animals were dismissed yesterday by a senior EC official. He insisted that amendments to a 1978 Suropean Community cosmetics directive being drafted in Brussels would

not require any increase in ani-mal testing.

However, the concern had already hit shares of Body Shop International, the natural cosmet-ica retailer. The shares fell 42p yesterday to close at 475p, mak-ing a two-day fall of 75p and cut-ting the company's stock market value by 264m (\$108m) to

Dealers said, however, that Body Shop shares were tightly-held and little actual business

held and little actual business was done. Analysts also suggested that Body Shop shares were vulnerable to rumours because they were highly rated and because specialist retailers were currently out of favour in the stock market.

The EC official, who said he found the behaviour of Body Shop's share price "incomprehensible," categorically desired suggestions that the proposed changes to the directive would have the effect of increasing animal testing. He added: "The Community has been doing its best to reduce or even to phase out this practice.

Mr Stuart Rose, a director of Body Shop, said the whole epi-sode was "a storm in a teacup." He said the company did not expect that the Community would require increased animal testing.

investors might have been confused, however, as Body Shop yesterday launched a petition against animal testing saying

that the EC had proposed a new law "which will massively increase the use of animal testing."

Mr Rose said the petition had been launched on the off-chance that a "Brussels bureaucrat" might think animal testing was a good idea and Body Shop wanted

to pre-empt any such move.

The petition, which customers in Body Shop branches are being saked to sign, asks the European Parliament to ban testing cosmetics on animals. ics on animals.

ics on animals.

Body Shop has frequently put its campaigning role above short-term profits for its share-holders. Its publicity says that it "takes a holistic view of its business." It sees itself "not simply as a creator of profit for shareholders, but as a force for the welfare of its staff, the community and, ultimately, the planet itself."

The council industry has already lobbied the EC on the issue, arguing against increased animal testing, and the UK Government is known to oppose ani-

ernment is known to oppose ani-

mal testing.

Proposed changes to the 1976 directive – setting out which ingredients can be safely used in cosmetics, those that should not be used under any circumstances and those that should be used sparingly - are thought likely to be agreed by the Commission within the next few months The main reason for the

be concern that certain products on the margin of the cosmetics industry are quasi-medi-cal – meaning that they induce physiological change.

Officials believe there is a grey

area and that certain "develop-mental" products should be approved on the basis of the tougher medical requirements.

### Saab falls 50% as car unit suffers big losses

By Robert Taylor

PRE-TAX profits at Saab-Scania PRE-TAX profits at Saab-Scania, the Swedish automotive and aerospace group, halved last year to SKr1.6hn (\$263.4m) from SKr3.2hn in 1968. The slnmp was mainly due to a loss of SKr2.1hn in the company's car division, which made a SKr11m pre-tax

which made a SKr11m pre-tax profit in 1988.

However, Mr Georg Karnsund, group chief executive, said yesterday that Saab-Scania entered the 1990s in a "strengthened financial position." The measures taken last year to improve the company's performance, including its car division's joint venture agreement with General Motors of the US signed last December, would ensure a stron-December, would ensure a stronger company in the years ahead. However, Mr Karnsund would

not speculate when the new, jointly-owned Saab Automobile AB would make a profit. The disastrous performance in the car division stemmed from the 17 per cent drop in auto sales to the vital US market. Saab-

Scania said this resulted from reduced volume, under-utilised production capacity, competitive price pressures and expensive marketing support.

In western Europe there was a 5 per cent sales improvement in 1989, with the best-ever volume performance in the IVE. The performance in the UK. The number of cars sold was 102,472 units compared with 116,288 in the previous year. Sales fell slightly to SKr15.35bn from SKr16.20bn.

Skr16.20bn.

The group warned that there were signs that the fierce competition for car sales experienced recently in the US was likely to hit Europe during the first half of the 1990s.

In contrast, the Scania truck and bus division consolidated its position last year with a 18 percent increase in the volume of vehicles sold to a new record level of 85,600. This was the sixth consecutive year of rises. Sixth consecutive year of rises.
Sales rose by 17 per cent to
SKr17.94bn from SKr15.36bn and
profits by SKr145m to
SKr3.58bn.

hir Kurnsund said the board had decided to increase its track production capacity by as much as 50 per cent in the next few years. A new assembly plant would be built within the Euro-

would be built within the European Community and facilities in Sweden, Holland and Brazil would be expanded.

Sanb-Scanin also reported positive results in its aircraft activities, describing 1989 as the year when there was a definite sales brackfurnted. breakthrough" in its commercial aircraft. Profits were SKr54m against a previous loss of SKr138m.

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### INTERNATIONAL COMPANIES AND FINANCE

### Peugeot to buy back floating rate bonds

By George Graham

AUTOMOBILES Peugeot, the French car manufacturer, is to buy back an issue of floating rate bonds in the first reverse Dutch auction to be carried out

Peugeot will offer to buy back its 1984 issue of TMO bonds, indexed on the average government bond yield, at a price of 96, and bondholders will have 10 days to make sealed bids at this price or

At the time of its issue, the Automobiles Peugeot TMO 1984 totalled FFr1bn (\$176.1), but only around FFr500m is estimated to be outstanding.

The reverse auction will be carried out by J.P. Morgan et Cle, the French arm of the US

A number of French issuers have bought back their bonds at a fixed price tender, but this is believed to be the first time the Dutch auction technique

### Rabobank boosted by income rise

has been used in France.

By Laura Raun

RABOBANK, the big Dutch co-operative bank, boosted its net profit by more than 15 per cent in 1989 thanks to faster growth in income than in

Net profit climbed to Fl 898m (\$475.1m) from Fl 778m in 1988 amid robust lending at home and abroad, which is Rabob-ank's core business, and buoy-ant securities underwriting. Total income grew nearly 8 per cent to F15.2bn as net interest increased to F14.2bn and commission income jumped 13.5

per cent to Fl filem.
Looking ahead, Rabobank said "some improvement in the group's financial performance seems feasible in 1990." Higher Dutch interest rates expected from German monetary union will be offset by greater demand for Dutch imports, according to Mr HHF Wiffels, chairman of Rabobank.

### Gardini attempts to force resignation of **Enimont president**

By John Wyles in Rome

MR RAUL Gardini yesterday sought to underline his emerg-ing dominance of Enimont, italy's public-private chemicals joint venture, by calling for the resignation of the company's president, Mr Lorenzo Necci. He did so through Mr Carlo Sama, his right-hand man on the Enimont board, who declared that if he had been Mr Necci he would already have

resigned his post.
"As far as the Enimont project is concerned. Necci has exhausted his role," he added. This first move towards unseating Mr Necci can only inflame tempers within the Government, whose cabinet committee is meeting today to discuss how to resolve the now open warfare between Mr Gar-dini and Eni, the state energy group which holds an equal 40 per cent of Enimont with Gardini-controlled Mon-

to turn up for an Enimont board meeting yesterday "so as not to exacerbate the situation," according to a company statement last night. Nor will Montedison be present at the first meeting of the Enimont shareholders' assembly today. The company's votes will be

cast at a second meeting tomorrow, when only a simple majority is needed to nominate two directors to represent the 20 per cent of the company which was floated last autumn.

Mr Gardini is guaranteed the support of owners of 11 per cent of the stock and after the meeting will thus control 7 of the 12 seats on the Enimont

plan to step up their network of flights in the two Germanys. Interflug has said it needs 12 new Airbuses to expand its scheduled flights.

earlier, reflecting an "exceptional capital gain" of BFr3bn in 1988 from the sale of shares in Société Générale de Belgique, AP-DJ

reports.
Gevaert also said it would propose raising its dividend to BFr200 a share from BFr185

it is planning to double its output of 1-megabit chips from 20m to 40m in the current year,

NOTICE TO HOLDERS OF

KAWASHIMA TEXTILE MANUFACTURERS LTD.

Bearer Warrants to subscribe for shares of common stock of Kawashima Textile Manufacturers Ltd.

issued in conjunction with

U.S.\$50,000,000 51/s per cent. Guaranteed Bonds 1992

The Board of Directors of the Company resolved by the

distribution of shares of common stock of the Company to the

Accordingly, present Subscription Price of the Warrants

New Subscription Price ¥658.10 × 1/1.11 ¥7773.10

U.S.\$50,000,000

Fuso Pharmaceutical Industries, Ltd.

3%% Guaranteed Bonds due 1991 with Warrants to subscribe for Shares of Common Stock of Fuso Pharmaceutical Industries, Ltd.

To the Holders of the above-captioned Warrants: You are hereby notified that, as a result of a free distribution of shares of common stock of Fuso Pharmaceutical Industries, Ltd. to the shareholders of record as of 31st March, 1990, Japan time (actually, as of 30th March, 1990, Japan time, as the transfer agent of Fuso Pharmaceutical Industries, Ltd., is closed on 31st March, 1990, Japan time), at the rate of 0.10 shares for each share held, the subscription price of the above-captioned Warrants will be adjusted pursuant to condition 7 of the Warrants under the Instrument dated 8th May, 1986 from Yen 1,328.30 to Yen 1,207.50 per share, effective as from 1st April, 1990, Japan time. The date of issue of the shares to be issued upon such free

Japan time. The date of issue of the shares to be issued upon such free distribution is 1st May, 1990.

7-10, Doshomachi 1-Chome.

By: The Daiwa Bank Limited

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KAWASHIMA TEXTILE MANUFACTURERS LITD.

The new Subscription Price shall become effective as

By: The Sumitoma Bank, Limited as Principal Paying and Warrunt Agent

shareholders on record as of 31st March, 1990 at the rate of

eleven (11) per cent, of shares then held by each of such

meeting held on 19th February, 1990, to make a free

from 1st April, 1990 (Japan Time).

Dated: 27th February, 1990

writes David Goodhart. This is largely because of chnological advances which

Grundig said co-operation, which already covers making televisions, will be via three

■ Générale des Baux, the profit for 1989 to be between FFr1.820bn (\$320.4m) and FFr1.83bn, up more than 30 per cent from the year-earlier total of FF1.375m, according to Mr Guy Dejouany, chairman, AP-DJ reports.

He was quoted in a French

newspaper as saying that the figures are an upward revision of autumn forecasts of net profit on the order of FFri.75bn.

### **Ciments** Français forecasts **25%** rise

By George Graham

CIMENTS FRANÇAIS, the french construction unstrained group, has amounced that its net profits for 1989 are likely to have reached FFribm (\$176.1m), up 25 per cent from the previous year.

The company said that sales last year amounted to FF112.5bm, an increase of 26 per cent excluding Financiera y Minera in Spain and Set Cimento in Turkey, two acqui-sitions made in the course of

the year.
All divisions made profits, despite heavy exceptional expenses for Ciments Français' acquisitions and an increase in

ncing costs. Ciments Français also sanounced two new acquisitions in Turkey.

It will buy 60 per cent of Anadoin Cimento, which has a 500,000 tonnes a year cement works at Kartal, supplying around 10 per cent of the Istanbul coment market, from Transturk Holding.

It will also acquire Betoya, one of the leading industrial concrete producers in Turkey.

The company last year acquired five Turkish state-owned cement works for a

total of \$105m. Although it has already paid more than \$85m and has taken over management control of the plants, the deal is being contested in Turkey's administrative courts as an illegal pri-

Mr Plerre Conso, Ciments Français' chairman, has now sought to join in this lawsuit as an interested party.

Ciments Français also announced yesterday the results of its bid for Financiera y Minera in Spain. After originally buying a 24 per cent stake from Banco Central and acquiring some more shaper in acquiring some more shares in the market, its bid has brought in a further 39 per

Its holding, direct and indi-rect now stands at 65 per cent at a total cost of FFrz.4ba. The French company said it now planned to make Financiera y Minera the central holding company for its activities in Spain and Latin Amer-

# Norwegian banks to axe up to 1,200 jobs in merger

BERGEN BANK and Den norske Credithank (DuC), two of Norway's three largest banks which are in the process of merging to become Den norske Bank (DuB), announced yesterday staff cuts of between 1,100 and 1,200 from the cur-

runt 8,000.

Their move is part of a consolidation effort ahead of the merger in mid-April in which they will become DnB, Scandinavia's seventh largest bank.

This year and last a spate of mergers have been appropried mergers have been announced by Scandinavian banks which

reflects the acceleration in the deregulation and liberalisation of the banking sector in the region and a response to the stiff competition which they will face from banks in the European Community's inte-European Community's inte-

grated market.

Bergen Bank and DnC said they had cooperated closely with employee representatives to present staff with an offer "designed to induce voluntary resignation." They expect that through responses to their offer, other measures and regu-

By David Goodhart in Bonn

RWE, West Germany's higgest energy concern, is set to take its stake in Hochtief, the company's second largest building group, to over 50 per cent.

Until now, RWE, which like Hochtief is based in Rasen, has held just over 40 per cent of the building group.

The West German Cartel Office has confirmed that RWE has been negotiating to take over a 10 per cent stake in Hochtief from Commerchank, which is seeking to reduce its industrial holdings.

RWE, like the other large energy groups, has been rep-

energy groups, has been rap-idly expanding and diversity-ing in recent months.

Meanwhile, the West German energy sector is hoping to be one of the most immediate

beneficiaries from closer eco-

nomic ties with East Germany. The East German Heavy Industry Ministry has

lar retirement, actual domestic lay-offs will be under 300. In total, the two banks aim to reduce domestic staff in the parent banks by 700 and foreign and domestic staff in sub-sidiaries by between 400 and 500 to achieve cost savings in 1991 of between NKr500m (\$77.8m) and NKr500m.

Den norske Bank will reduce costs over a broad range, where staff reductions are an important contribution for attaining a satisfactory level of total expenses, the bank explained.

Last week the two banks reported combined losses on loans and guarantees of NKr3.22bn for 1989, up from NKr2.99bn the previous year, in spite of improved operating

Bergen Bank posted an operating profit of NKr500m for 1989 against NKr188m in 1988. Before losses and taxes. DnC reported an operating profit of NKr1.71bn in 1989 versus NKr972m in 1988.

Norway's banks for three years running have suffered

RWE continues expansion by

raising Hochtief stake to 50%

announced that it is negotia-ting with both KWU, the Sie-

mens subsidiary, and Frama-toms, the French nuclear group, to build a new nuclear power plant at Stendal. KWU, which recently amounced a sharp drop in sales as a result of reduced demand for new nuclear plants

demand for new nuclear plants in the West, is also hoping to benefit from orders to improve

reactor safety at East German,

and other East European,

nuclear plants. Nuclear lobbyists in West

Germany even argue that raising safety standards in the East will help to improve the industry's image in the West and drive home the long-standing claim that "a Chernoby!" was only ever possible in the East

But given the enormous cost of building up East Germany's nuclear capacity and the oppo-

major losses on loans and guarantees because of a downturn in the country's oil-dependent economy, which was hard hit by a plunge in 1986 of world crude oil prices.

A depression which subsequently followed exacerbated deteriorating commercial operating conditions and forced

ating conditions and forced record levels of commercial and private sector bankrupt-

and private sector bankruptcles which continue to have a
negative effect on the banks'
loan portfolio.

Duc was the hardest hit of
the top three banks and 1988
introduced sweeping changes
which included a 20 per cent
staff cut, a 10 per cent cut in
its loan portfolio, a 20 per cent
costs cut and reorganisation costs cut and reorganisation into four divisions from five. Mr Egil Gade Greve, the esident of Bergen Bank who is to become the president of DnB, explained yesterday that staff reductions would be made

at all levels, though the major-ity of cuts would be at lower levels. He said Norway's finance ministry approved the merger about 10 days ago.

sition of the country's Social Democrats, probably the domi-nant party after free elections,

an easier way of reducing the

corrent dependence on highly polluting brown coal is through direct links to the West German grid.

That can be done either by decoupling power stations from the West German grid

and sending the power down a

special line, as is already possi-ble at the two Preussen Elektra stations near Helmstedt, or by building transformers which

make the frequencies of the different grids compatible.

The transformers cost at

least DM200m (\$119m) and take about 18 months to build, the

direct link is only slightly

Both Preussen Elektra

part of the Veba group – and Bayernwerk are planning to build transformers.

### **UAP** chief content with 25% stake in Sun Life

By Patrick Cockburn

UNION des Assurance de Paris (UAP), the largest French insurance group, has never considered bidding for full control of Sun Life, the UK insurer, and is satisfied with its 25 per cent holding, said Mr Jean Peyrelevade, UAP chairman, yesterday.

Mr Peyrelevade, in London for UAP's FFr6.57bn (\$1.16bn) international share offering, said: "I don't know why the city imagined we were going to bid. We are not predators."

He added that TransAtlantic, the group headed by Mr Don-

the group headed by Mr Donald Gordon, which owns 29 per cent of Sun Life, had committed itself not to hid, but had received a degree of financial

Nevertheless Mr Peyrelevade emphasised that if UAP's strategy of becoming a powerful minority shareholder in major European insurance groups came under threat from any quarter he would launch a

quarter he would launch a counter attack.

Since purchasing 34 per cent of Groupe Victoire from Suez in November last year UAP has been the second largest insurance company in Europe behind Allianz of West Germany Wester. many. Its share offering yester-day is to enable the company to continue its acquisition programme at the same rate in

Mr Peyrelevade said he believed that European insurance in the 1990s will come to be dominated by the largest groups, with smaller compa-nies finding niches in the market, but with the the medium-

sized insurers being squeezed.
Of the large French insurance companies, UAP and Axa
Midi have made clear in recent weeks that they are not contemplating any fresh acquisi-tions in the UK, while AGF and GAN have bought small

insurance companies.

Speaking of UAP's 10 per cent cross shareholding with Banque National de Paris, the largest French retail bank, Mr Peyrelevade said that the aim at present was to distribute non-life products through the bank's branches. On the life side the two companies would continue to

### COMPANY NEWS IN BRIEF

LUFTHANSA, the West German airline, said it was holding talks about taking a minority stake in Interflug and on helping the East German airline to modernise its fleet,

writes Andrew Plaher.

The two companies have already announced co-operation in such areas as catering and flight simulation.

simulation.
Lufthansa and Interflue also

company, said 1989 net consolidated group profits fell 50 per cent to BFr2.12bn (\$60.6m) from BFr4.21bn a year

last year, an increase of 8 per

Siemens has announced that

make it possible for the company to fit more chips on each silicon wafer.

Despite a worldwide gint of such chips, the company says it is confident it can sell the

Egrandig, the West german consumer electronics group, said it will co-operate with Bobert Bosch's Blaupunkt subsidiary in car radios to compete more effectively with Far East firms, Reuter

French water treatment group, expects its consolidated net

# U.S. \$300,000,000

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February 1990

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U.S. \$30,000,000 **Guaranteed Floating Rate Notes 1990** Unconditionally and irrevocably guaranteed as to payment of principal and interest by Israel Discount Bank Limited

For the six months 26th February, 1990 to 28th August, 1990 the Notes will carry an interest rate of 81% % per annum. The relevant interest payment date will be 28th August, 1990.

Bankers Trust Company, London

27th February, 1990

Agent Bank

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U.S. \$500,000,000

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Bankers Trust Company, London

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Agent Benk

# **NatWest** Mortgage Rate

With effect from 27th February 1990 for new borrowers, and from 1st March for existing borrowers, the NatWest Mortgage Rate payable under current Mortgage Deeds and Conditions of Offer will be increased from 14.65% to 15.4%. This change will be reflected in existing borrowers' repayments from 1st April 1990.

A National Westminster Home Loans Limited 41 Lothbury, London EC2P 2BP.

# Lloyds Eurofinance N.V. £200,000,000 Guaranteed Hooting Rose Notes Due 1996 For the three months February 26, 1990 to May 25, 1990 the Notes will carry an interest rate of 15.25% p.a. with a componamount of £183.84, in respect of \$5,000 nominal of the Notes and 1919.18, in respect of £25,000 nominal of the Notes payable on May 25, 1990. Cithask N.A. (CSSI Deck.)

First Interstate Bancorp (Incorporated in Delaware)

U.S. \$60,000,000

Floating Rate Yen-Linked Notes due 1996

For the six months 26th February, 1990 to 28th August, 1990 the Notes will carry an interest rate of 8.6375% per annum with an interest amount of U.S. \$439.07 per U.S. \$10,000 Note, payable on

Bankers Trust

Agent Bank

### INTERNATIONAL COMPANIES AND FINANCE

Bridgestone

rises 24%

after surge

in exports

BRIDGESTONE, Japan's largest maker of rubber prod-ucts and automobile tyres,

reported a 24 per cent increase in pre-tax profit to Y87bn (\$59km) for the year to end December after a surge in exports during the period.

Total sales for the year ware

Y698.9hn, up 12 per cent, while export sales rose 30 per cent to Y222.5hn, following an expansion of retail outlets in

By Robert Themsen

# Wang's lease-financing side to be sold for \$250m

SY FEBRUARY 7 19

content with

25% stake

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WANG Laboratories, the struggling minicomputer man-ufacturer, is to sell its leasefinancing operations, including Wang International Financial for about \$250m to GE Capital a leading worldwide financial organisation.

About \$215m from the sale is earmarked to reduce Wang's debt to its bank group. The remaining \$35m will go towards improving the company's 67th predicts ny's cash position, the com-

pany said.
Wang, based in Lowell, Massachusetts, has made heavy cuts to its debt burden since last autumn, when the company started raising cash through asset sales. The latest sale will reduce Wang's bank which could enable the com-

group debt to about \$50m, from \$575m last August. Mr Richard Miller, Wang's president and chief operating officer, said: "This transaction ensures that our customers will continue to have their fin-

ancing needs met.
"GE Capital has agreed to provide our domestic and inter-national customers with competitive financing and to facilitate their acquisition of Wang Systems." Mr Miller, a former executive of General Electric, also said that Wang was settled presenting the sale of actively negotiating the sale of other non-strategic assets.

"These transactions are expected to generate additional cash

pany to totally eliminate all debt to its bank group."

In the second quarter ended December 31, Wang reported a net loss of \$10.5m or 6 cents a share, compared with a loss of \$52.1m or 38 cents in the first quarter. In the second quarter of the previous year, Wang had net profits of \$1m or 1 cent a

wang's losses forced the company last year to renegotiate its debt and appoint Mr Miller as president and chief operating officer. Shares in Wang rose \$% to \$% at middey yesterday in New York. The company's issues traded in a range of \$7% to \$16% in 1988, before Wall Street became alarmed about Wang's future.

expansion of retail outlets in North America and strong demand from Europe and the Middle East.

Domestic sales rose 6 per cent to Y476.4hm, while tyre sales, comprising 78 per cent of non-consolidated revenue, were Y546bn, an increase of 12 per cent. Sales of non-tyre products, including chemical products and sporting goods, rose 16 per cent to Y152.9hm.
For the current year, the company expects that sales. will increase 2.3 per cent to 1715bn, with a 6.8 per cent increase in pre-tax profit to But sales in the transporta-

### Goldstar holds profit at Won18bn

By John Ridding in Secul

GOLDSTAR, one of South Korea's largest electronics manufacturers, yesterday announced net profits of Woulsbu (\$26.im) for 1989, anchanged over the figure for

However, the underlying performance was much worse as virtually all of the net profits resulted from extraordinary gains from the sale of securities holdings and the doposal of Goldman's semiconductor business to another member of the InchyColdstan member of the Lucky-Goldster

group of companies.

This was reflected in a recurring deficit of Won41bm. at the year-end, compared with a recurring profit of Wonle. In at the end of 1988. Won19.4bn at the end of 1968. The downturn in the company's fortunes was caused by severe and protracted strikes which closed many of Goldstar's plants for three months.

'As a result, lake skipped from Won2,630bn to Won2,600bn with exports failing by more than 20 per tent.

Analysis said that the second half of the year had shown some recovery after the net deficit of Won10.5bn in the

deficit of Won10.5bm in the first half and that this recov-ery should continue into the current year. They are forecurrent year. They are lore-casting a 28 per cent increase in sales for 1996, provided labour disputes do not recur. The release of Goldstar's results coincided with figures from the South Korean Minis-try of Trade and Industry which showed a moor start to

which showed a poor start to the year by Korsen electronics According to the figures According to the figures, exports of electronic products fell sharply in January compared with the same period in 1988. Exports of microwave ovens fell by almost 50 per cent to \$34.9m and exports of rides.

cent to \$34.9m and experts of video cassette recorders declined by over 70 per cent to \$64.9m. Most other products also registered a fall although television shipments remained constant at \$777m.

The Korean Electronics The Korean Electronics

Industry Association says the weakness of the year is responsible for the falls.

### Harley-Davidson moves ahead

By Roderick Oraza in New York

corporate America's favourite turnround stories, has reported further strong gains for its core motorcycle business last year but its efforts to diversify were hampered by falling sales at its mobile home subsidiary. It bought Holiday Rambler,

an up-market recreational vehicle (RV) maker, in late 1986 hoping its loyal motorcycle riders might switch to mobile homes as they got older and wealthier.

But the group blamed an industry-wide downturn for a decline in Holiday Rambler's RV sales in the fourth quarter by \$15.5m to \$43.9m.

The current downturn in the RV market, which we do not believe will be long-lived,

HARLEY-DAVIDSON, one of has given us time to rechannel our manufacturing and mar-keting efforts at Holiday Ram-bler," said Mr Richard Teer-link, president. Net profits from Rarley-

Davidson's continuing operations for the fourth quarter ended December rose to \$6.8m from \$6.3m a year ear-

In the latest period, a net \$3.4m from discontinued operations and a \$578,000 loss from debt retirement produced a final net of \$9.6m, or \$1.11 a share. A year earlier, a \$207,000 loss

from discontinued operations and a charge of \$658,000 for debt retirement made the final net \$4.8m, or 56 cents. Sales improved by 7.8 per

cent to \$201.6m from \$187.1m. Motorcycle sales increased by 28 per cent with worldwide unit shipments about by 1,640

But sales in the transporta-tion vehicles segment, includ-ing mobile homes, fell \$17.2m or 21.5 per cent.

For the full year, Harley-Davidson had net profits from continuing operations of \$22.6m, against \$27.2m. Profits from discontinued operations plus other special items made the final net \$22.9m, or \$3.81 a the final net \$32.9m, or \$3.81 a

share, compared with \$23.9m or \$3 a year earlier. Sales rose 11.5 per cent to \$791m from \$709.4m. Motor-cycle sales increased by \$98.2m or 34.7 per cent with unit shipments rising 16.6 per cent.

# Asset sell-offs aid Burns Philp

By Chris Sherwell

BURNS PHILP, the Australian of the Cafe-Bar food ingreditation and retail group, yes terday reported near-doubled as doubled ASI.3m contribution equity-accounted profits as earnings from associates and abnormal gains from asset sales boosted earnings from mainstream businesses.

Interim figures for the six months to December showed a moderate 7.5 per cent rise in after-tax operating profit to A\$45.8m (US\$35.2m). But

metals group, has reported after-tax equity-accounted profits of A\$51.3m (US\$39.5m) for the six months to December.

writes Chris Sherwell. This is down from A\$62.5m in the cor-responding period of the previ-

ous year, on revenues which

fell to A\$838m from A\$930m.

from the 46 per cent-owned. QBE insurance.

This took overall equity-accounted profit after abnormals to A\$76.6m, a 94 per cent rise on the previous corresponding

Similarly, Burns Philp's acquisition of new businesses increased the group's modest 9 per cent sales rise from con-tinuing operations to a 26 per

North Broken Hill slips midway

international base metals busi-

Directors declared a fully franked interim dividend of 5

cent advance, for overall reve-nues of A\$1.1bn.

Directors declared an interim dividend of 8 cents a

share, up 17 per cent, which compares with an adjusted 6.8 cants in the year-ago period.
Hardware retail and South
Pacific businesses improved
their profit contributions. The

food and formantation division contributed the most to sales (A\$358m) and profit (A\$26.7m), while shipping and trading contributed least.

NORTH BROKEN Hill, the dividend of Asiom from 40 per tax declined at the group's for-Atom from Atom.
This fall was offset by a rise in sernings before interest and ness set up with CRA, and proceeds from the sale of interests such as Peko Oil. On a pre-eq-uity-accounting basis, after-tax operating profit rose to A\$49m from A\$40m. tax at the mining and industrial division, to A\$49m from A\$29m, due mainly to record production from the Robe

River iron ore operation.

The Ranger uranium mine also lifted its contribution to A\$52m from A\$43m,

### However, the previous year's profit figure included a special Earnings before interest and HK and China Gas gains customers

cents a share.

By John Elliott in Hong Kong

HONG KONG and China Gas. the local monopoly known as Towngas which is controlled by Henderson Land Development, has announced a 28.1 per cent increase in after-tax proftis to HK\$535m (US\$69m) for the year ended December 31. Turnover rose 19 per cent from HK\$1.53bn to HK\$1.82bn. Mr Lee Shau Kee, whose

family controls Henderson, said there had been an 11.6 per

cent increase in Towngas sales to 13.67bn megajoules. Hong Kong's construction boom brought in 72,224 new customers, making the total 689,159. But growth in the second half of the year had not met expectations, partly because the weather had been warmer

Last September a contract was signed with Babcock Con-tractors of the UK for supply

and construction of four naphtha-based town gas process trains adjacent to Towngas's Tai Po Plant, which will begin Tai Po Plaint, which will begin to come on stream from late next year. This is part of a HK\$1bn project to produce 200m on ft of gas a day, doubling existing production.

A final dividend of \$5 cents a share was declared, bringing the total to 54 cents for the

### **Revived Indian shipping** group sets sail once more

By R.C. Murthy in Bombay

SCINDIA Steam Navigation, India's oldest private sector shipping company — which three years ago was near bank-rupicy — has set sail again, with help from a government relief package and a revival in international freight.

international freight.

The company, which has been in the cargo haulage business for 70 years, this month resumed its liner trade after a gap of two years. It plans to deploy five ships in liner business, which is not as profitable as tramp shipping.

as tramp shipping.

Scindia Steam had 22 thips, several of them stranded at overseas ports for non-payment of dues, when a state-appointed board took cours management. board took over management

In a large-scale rationalisa-tion, the board laid off the company's shore staff, scrapped nine ships and redeployed the remaining 13 on time charter — six to the state-owned Shipping Corpora-tion of India and five to foreign

shipping companies.

The company operated on a shoe-string budget for three years and reached agreement with its creditors who accepted a one-fifth payment in full set-tlement of their dues. The Indian Government converted Rs342.6m (\$20m) interest on loans into zero-interest bonds. The two-year lay-off of

employees was lifted last November, after more than half its 200 shore staff accepted voluntary retirement. Those returning to work agreed a 15 per cent wage cut. With reduced overheads, Scindia is better placed now

than a year ago to resume normal business. Scindia Steam is back in the black for the first time in eight years with a Rs16m profit for the nine mouths to March 1989. In the following nine mouths to following nine months to December 1969, its earnings in charter hire trebled to Re330m from Rs102m, says Mr N.S. Parulekar, chairman. He expects the company to close 1969-90 with record earnings of

The group has proposed a further restructuring to the state-owned financial institutions of Rathm of its Rat.38bm debt, aimed at bringing down interest costs and improving

liquidity.
This plan includes expansion of its fleet – the average age of its ships is 12 years. Two secondhand bulk carriers will be acquired over the next three

years to diversify the fleet mix and enhance profitability. The Scindia share price, which hit its nadir of R3 four years ago, has bounced back to Rs13.50 this month on the Bombay Stock Exchange.

# Sasol output hit in fire aftermath

SYNTHETIC fuels production has been hit at Sasol, the South African oil-from-coal company, in the half year to December 23 1989, in the aftermath of a fire. Further production shortfalls are expected in the rest of this financial year.

Last year's fire was caused by corrosion of equipment, exacerbated by operating the Sasol 2 synfuels plant some 20 per cent above its original design capacity. Maintenance design capacity. Maintenance procedures have been stepped up and the affected equipment is being replaced with stainless

cial year turnover was R4.09bn, trading profit R1.09bn and pre-tax profit R1.13bn.

First-half earnings rose to

Production details were not

Turnover in the first half to December 23 increased to R2.36bn (\$929m) from R2.04bn in the corresponding period of 1988, while the interim operat-ing profit before dividend income and tax payments rose to R603.1m. In the last finan-

58.6 cents a share from 49.6 cents, and the interim dividend

disclosed, but higher crude oil prices, on which Sasol's selling prices are based, increased and led to greater turnover and profits.

Sasol is appraising its productions of the first held to the same profits. earnings were 111.7 cents and lotal dividend was 52.5 cents.
Sasol is appraising its product mix and shifting towards greater production of val-ue-added products rather than of chemical feedstocks or comof chemical feedstocks or com-paratively cheap petrol. The Sasol 1 plant, in operation for over 30 years, is to cease petrol production and will be con-verted to petrochemicals pro-duction based on feedstocks from the larger and more mod-ern Sasol 2 and 3 plants. In Johannechurg westers are

In Johannesburg yesterday

annual polypropylene capacity of 120,000 tonnes, which would cover the present 30,000 tonnes shortfall in domestic production and allow exports.

Mr Kruger added that fertiliser sales had been affected by

recently produced its first poly-

propylene and was planning to set up a plant capable of more than satisfying South Africa's requirements. The intention was to build a plant with an

lower demand and that returns on investment remained unsatisfactory. He did not expect a great improvement until the

### Samancor lifts sales despite fall in demand

SAMANCOR, South Africa's argest ferro-alloys manufacturer, has lifted its interim sales by a quarter despite slacker demand for ferrochrome and chrome ore.
However, Mr Colin Officer,
chairman, warned that second-

half profits were likely to be lower than the first half's. The interim turnover was lifted to R1.0bn (\$394m) in the six months to December 31 1989 from R801m in the corresponding year-ago period.

The interim pre-tax profit capacity at its Tubatse ferrowas R578.6m against R360m, chrome facility, lifting the For the last financial period the 15 months to June 30 1989 - turnover totalled R2.13bn and pre-tax profit was R839.5m. Perro-chrome prices were particularly strong during the six months to June 1989 and Samancor, with other South Africa producers, kept its furnaces running rather than clos-ing them for routine mainte-

nance. During the past six

months the company increased

chrome facility, lifting the company's annual capacity to 620,000 tonnes from 560,000. Rowever, the ferro-chrome market is now oversupplied, prices have tumbled to 53 US cents/lb in Europe from 80 cents less than a year ago and Samancor — again like its competitors — plans to take advantage of the market's qui-etness to maintain its furnaces. Production is expected to be

about 450,000 tonnes. First-half earnings were 194.6 cents a share and an interim dividend of 70 cents was declared. Earnings totalled 378.4 cents a share in the past 15-month period, giving a total dividend of 200 cents. ■ Burnett & Hallamshire of the UK is reportedly negotia-ting the disposal of Rand London Corp, its troubled South

African coal and minerals company. The prospective buyer's identity was not disclosed. reduced to an annual rate of

### Comalco suffers from lower prices and dispute in US

By Chris Sherwell in Sydney

COMALCO, the listed aluminium subsidiary of CRA, the Australian resources group, yesterday blamed lower prices and a US industrial dispute for a one-third decline in annual profits.

Releasing results for the 12 months to December, it reported an after-tax operating profit of A\$270.3m (US\$208m), down 34 per cent on 1988. Earn-

ings on an equity-accounted basis were A\$310m, down 32 per cent from A\$455.5m. Citing lower prices for primary metal, the company said 1989 saw aluminium produc-

tion start to overtake consumption, and added that supply now outstripped demand. It said tight conditions for alumina supply in 1969 were also expected to ease.

Comalco's industrial problem involved a dispute which lasted 10 weeks at its US subsidiary. But the company pointed out that overall earnings were still its second high-

est. Revenues, at A\$2.4bn, were down from A\$2.5bn. The directors declared a fully franked dividend of 18 cents per share, making 30 cents for the year, down from

33 cents a share in 1988 The company said that its bauxite, kaolin, alumina and primary aluminium facilities all operated at record or near-record levels. But its rolled and extruded products businesses in Australia were affected by high metal costs, declining exports of can stock to South East Asia and the impact of high domestic interest rates high domestic interest rates.

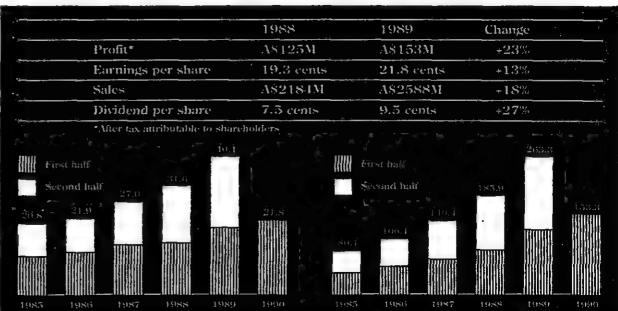
# Pacific Dunlop growth continues

Pacific Dunlop has entered the 1990s with continuing growth worldwide.

Four features stand out:

- Spread of businesses across a wide range of economies and products.
- Strong presence in the fast growing Pacific Rim.
- Strong positive cash flows in all core businesses.
- Continuing improvement in productivity.

All were important elements in the six months ended December 31:



Earnings per Share - Cents

Front puribations to Sourcholders - AS Millions

Pacific Dunlop's international operations - Ansell, GNB Batteries and the new Medical Group - increased market share and are expected to be strong contributors to results in the second half.

Australian operations performed well. This was despite a downturn in demand in Australian consumer markets.

Pacific Dunlop is well positioned for continuing growth in the 1990s.

Further information about Pacific Dunlop may be obtained from: 500 Bourke Street Melbourne Australia 3000 Telephone: 61-3-602 4244 Facsimile: 61-3-602 5625

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### Notice to the Warrantholders of

KEIO Keio Teito Electric Railway Co., Ltd.

to subscribe for shares of common stock of Keio Teito Electric Railway Co., Ltd. issued with U.S. \$200,000,000 4%% Bonds 1993

Warrants (the "First Warrants")

Warrants (the "Second Warrants") to subscribe for shares of common stock of Keio Teito Electric Railway Co., Ltd. issued with

U.S. \$300,000,000 3¼% Bonds 1993

Pursuant to Clause 4 (A) of the Instruments dated 22nd February, 1989 and 16th November, 1989 (the "Instruments") and in accordance with Conditions 7 and 11 of the Tenns and Conditions

of the Warrants, notice is hereby given that:-On 26th February, 1990 the Board of Directors of Kelo Teito Electric Railway Co., Ltd. (the "Company") resolved to make a free distribution of shares of common stock of the Company to the shareholders on record as of 31st March, 1990 at the rate of five (5) per cent. of Shares then held by each of such shareholders. Consequently, pursuant to Clause 3 (i) of the instruments and Condition 7 of the Terms and Conditions of the Warrants the Subscription Price of the First Warrants was adjusted from Yen.1,456.00 to Yan.1,386.70 and Subscription Price of the Second Warrants was adjusted from Yen.1,722.00 to Yen.1,840.00, both of which will become effective as from 1st April, 1990 (Japan

Keio Teito Electric Railway Co., Ltd. By: The Sumitomo Trust and Banking Co., Ltd.

Dated: 27th February, 1990

### FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key current rates except where they are shown to be otherwise. In some case £ 575 COUNTRY

17 8741 1.6118 2509 4510 1.0685 0.7762 7.0332 87.7972 1 3,7773 5,7304 648,850 29,9587 Gityal) 6.1753 3.6475 2.1591 2.4505 0.6718 0.2539 72.8373 21.0317 1.3626 (B S) 3 4)5 (CFA Fr) 484, 25 iermodian S) 1,6930 (Nguhram) 28,50 (Boliviano) 5,191 (Pula) 3,1450 (Cruzado) 51,859 HS (US S) 1,6930 (Brunet S) 3,1650 (Lev) 1,3397 (CFA Fr) 484, 25 (Kya) 10,7765 (Brunet S) 3.1650
((Lev) 1.5397

sp. (CFA Fr) 484.25
((Kyaz) 10.7780
(Burnet S) 295.3295
(Riel) 369.074a
((CFA Fr) 484.25
(Castadlan S) 2.0265
(Sp Pesta) 183.55
(CV Econdo) 123.99
s. (CLS) 1.41h
Reg. (CFA Fr) 484.25
(Chilean Pesn) 489.74
(Resembel Yeard 8.0283
a. (Col Piso) 767.10
i. (CPA Fr) 484.25
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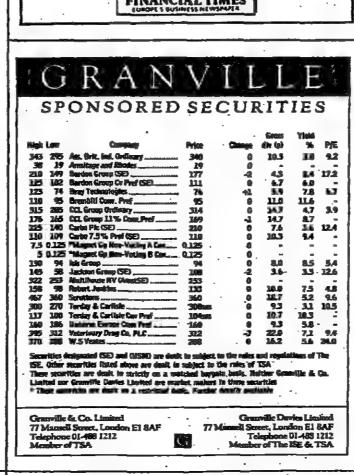
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Lives XIV Limited U.S. \$50,000,000 Series A Secured Floating Rate Notes due 1992

Notice is hereby given that for the period 26th February, 1990 to 28th August, 1990, the Notes will carry an interest rate of 8.6675% per annum with a coupon amount of U.S. \$44,059.79 per U.S. \$1,000,000 denomination, psyable on 28th August, 1990.

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### INTERNATIONAL CAPITAL MARKETS

# Swaps market still beset by legal uncertainties

ANY RELIEF drawn by the swaps market from last week's Court of Appeal ruling that local authorities may manage their debt through their activity in the swaps market is likely to be short lived. The market continues to be

clouded with uncertainty about exactly what local authorities can do. They are are not expected to make a rapid return to

what is more, the ruling does not remove the questions that some foreign banks have been asking about London's position as a market centre. The banks say they will not conduct any new business with local authorities — which at the height of their activity had taken a 10 per cent slice of the E30m to \$40hn sterling interest rate swaps market — until there is some legislation that covers their market activity. What the banks will do about swap contracts still out-standing with Hammersmith and Fulham, where about 80 per cent of the authority's busi-

ness has been left as illegal, is One way to ensure payment of outstanding liabilities is to take court action and the

flurry of activity in UK gilts, where some banks were buying hedges to cover their swaps exposure. But a few players believe this was caused almost as much by the market talking up prices in anticipation of some increased buying.

Gilts settled down on Friday and appeared unaffected year-

and appeared unaffected yes-The banks can treat their exposure to Hammersmith and Fulham's swaps activity in several ways. Swap contracts can be terminated, which means both parties agree to a one-off payment and the contract is torn up. This has been done by several banks, largely at the instigation of the local author-

ity.

Few of the banks with exposure to Hammersmith and Ful-ham will be carrying the contracts as open positions, which means they maintain an active hedge on that contract in the gilts market.

Some of them returned to the gills market on Thursday to renew their hedges now that they expect local authorities to begin payment of their liabilities again.

of outstanding liabilities is to take court action and the banks are still considering further litigation.

An immediate reaction to Thursday's ruling was a slight seem of the local authority by another party will write off the local control of the local contro

authority side of the swap.
They will then return to the
swap market to establish a leg
of the contract to replace the
local authority deal.
The market expects to see
banks gradually becoming buyers of three-, four- and five-year

ers of three-, four- and five-year maturity swaps to balance their books. This is expected to narrow hid-offer spreads on swaps which have widened this year as market liquidity has suffered.

Swaps are currently offering a yield over the gilts market of as much as 70 basis points for some interest rate deals, which means banks entering the mar-ket will find some attractive buying opportunities. How-ever, swaps liquidity has suf-fered as a result of the legal imbroglio in the market.

Foreign banks have been reluctant to deal with local authorities for some time.

Mr Mark Blundell, who arranges swaps for West-deutsche Landesbank in Lon-don, says: "This further raises the cost of our doing business here because before we enter contracts that are perfectly legal everywhere else, we have to waste time and energy get-ting a legal opinion." This is in a market which is already dominated by legal doctrine to a far greater extent than many other markets.

### Formosa Plastics plans \$450m issue

FORMOSA Plastics, Taiwan's largest plastics group, is to issue US\$450m worth of convertible Eurobonds this year. Several other local companies are seeking regulatory

approval to float Eurobonds, writes Febr Whitemless from Taiped. The bonds will have a 10-year maturity and are likely to have a coupon rate of between 0.75 and 1 per cent. Formosa Plastics is believed to be nego-tiating with about 30 foreign banks and securities houses for the management and under-

FT INTERNATIONAL BOND SERVICE

Tital STRAIGHTS
Carada 6 l. 91.
Granda 5 l. 93.
Gr. Local France 6 l. 94.
Denmark 6 l. 95.
E. l. B. 43.
Norwing 5 l. 95.
Swaden 4 l. 93.
World Bank 5 l. 98.
Average prior che OTHER STRABBITS
Abbay Rat, 10% 94 CS.
Abbay Rat, 11% 93 E.
Alstry Rat, 11% 93 E.
Alg, Bk, Red, 5% 93 F.
Alg, Bk, Red, 5% 93 F.
Bercheys Acs, 13% 91-A6.
Bercheys Acs, 13% 91-A6.
Bercheys Acs, 13% 91-A6.
Bercheys 10% 94 CS.
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VICE

### INTERNATIONAL CAPITAL MARKETS

# Japan moves again to hold interest rates in check

By Stephen Fidler in Tokyo, Janet Bush in New York and Andrew Freeman in London

JAPAN'S Ministry of Finance moved in again yesterday to keep down long-term interest rates, buying government bonds in the market and post-poning an Issue of 10-year government bonds due today.
As it did last week, the Min-

### GOVERNMENT BONDS

istry of Finance used its debt consolidation fund to buy bonds to prevent long-term yields from rising above the 7 per cent level. It said the 10-year issue, partly sold at auc-tion, would go ahead later in the week.

Buying was estimated at about Y100bn and the move about Y100bn and the move helped prices rally, bringing the yield on the benchmark bond down from its high for the day of 7.01 per cent to 6.86 per cent by the close. This compares with Friday's Tokyo close of 6.865 per cent. Bond prices have been weak as investors have perceived a

as investors have perceived a deep policy dilemma for the financial authorities. In spite

of Bank of Japan intervention. estimated at \$2bn, the yen continued to weaken in Tokyo trading yesterday, heightening worries about imported inflation.
Only a sharp rise in the offi-

cial discount rate from the cur-rent 4.25 per cent may be enough to prop up the cur-rency, yet this could accelerate the downward spiral of the stock market. "They are damned if they do and damned if they don't," said Mr George Nimmo, of Swiss Bank Corporation International, in Tokyo.

A source at the Bank of Japan was quoted by a Japa-nese news agency yesterday as saying that the weakness of the equity market could have an impact on monetary policy.

■ US TREASURY bonds registered healthy gains yesterday, underpinned by a strong dollar and price gains in the Japanese government bond market. In late trading, the Treasury's benchmark long bond was quoted around % point higher for a yield of 8.48 per

BENCHMARK GOVERNMENT BONDS 4/93 93-15 +2/32 12/5 12.67 12/7 5/90 94-00 +1/32 11.58 11.58 11.18 10/08 87-00 +4/32 10.51 10.57 10.25 No 119 4.802 8/98 65,0151 -0.066 6.82 6.86 E34 No 2 5.700 3/07 93,3757 -0.631 6.82 6.33 6.34 7.125 12/99 90.2500 0.460 8.65 8.65 - 7.71 FRANCE BYAN 8.000 10/94 90.5216 0.247 10.87 11.05 10.32 OAT 8.125 5/90 88.6500 0.180 10.05 10.44 9.82

London closing, "denotes New York ologing
Yields: Local mariet standard Prices: US, UK in 32nds., others in declarate

NETHERLANDS 7.500 11/99 90,9500 0,200 8.92 8.96 8.28

9.250 12/99 92.3500 -0.100 10.52 10.44 9.90

12.000 7/90 92.6606 -0.500 13.54 13.25 12.75

Treasury bonds had started with gains of as much as % point on expectations that the US equity market would be under pressure following the plunge on the Tokyo Stock Exchange, its accord largest. Then prices alipped off their highs as the US stock market rose, only to recover again in tandem with shares.

The Japanese bond market

was helped by the Finance Ministry's substantial buying and by a flight to quality from the stock market. In New York, the US Federal Reserve was reported to have been selling dollars to counteract weakness in the yen, fol-lowing substantial sales of dollars overnight by the Bank of

Japan. Nevertheless, the dollar was

highs in late New York trading at Y148.65 from a peak of

Apart from the ripple effect from foreign markets, there was little going on in the Trea-sury market yesterday, with no significant economic releases

w IN GRRMANY, activity retreated as the annual carniretreated as the annual carni-val holiday got under way. The bund market shrugged off the overnight news from Japan, with domestic political factors continuing to set sentiment. The cash market was quiet, with most benchmarks fixed in the morning alightly better or almost unchanged from Fri-

almost unchanged from Friday's close.

The 7% per cent bund maturing 2000 was fixed at \$3.58, up 3 pfennigs to yield about 8.69 per cent.

After a volatile start which saw the March contract jump about 40 pfennigs shortly after opening, the futures market settled to trade some 15 pfennigs above Friday's close. Volume declined sharply from last ume declined sharply from last week's average of about 50,000

contracts and by the close a mere 13,500 contracts had been traded. The March contract was quoted at 82.58. Analysts said that Friday's

money supply figures, although above expected levels, had been largely dis-Import price figures due this week will be watched carefully for signs of further pressure on domestic inflation.

THE UK gilts market was briefly lower early in the day as events in Japan unnerved

However, fears that Japa-nese institutions would look to take profits on the back of cur-rency gains proved over-sensi-tive and prices recovered. At the long end the bench-mark maturing 2003-07 gained about % point to yield 11.12 per cent, while at the shorter end prices were around & higher.

cent, while at the shorter and prices were around a higher. Speculation that a large buyer was in the market sent prices of selected index-linked gilts up by more than a point. The 2024 stock rose by 14, suggesting some short sellers were being squeezed.

also broadening its presence in manufacturing.

Asia, establishing a merchant in canning.

### Kuwaiti groups seek openings in Far East

By Tony Walker in Cairo

**KUWAITI** financial institutions are lookingly increasingly to the Far East for new invest-ment opportunities. The aggressive entry of Asian trad-ing and construction companles into Gulf business since the winding down of the Gulf war in August 1988 is helping to fuel the trend.

Nuest the trend.

Russit International Investment (KIIC), in partnership with Bank Indosuez, plans to launch a U\$\$50m fund, to be be known as the Dragon Fund, to trade in Far Eastern equity markets ranging from Austra-lia to India. Mr Imad Moosa, chief economist of KIIC, said that Gulf investors were becoming "more sophisticated financially," and were looking beyond traditional investment outlets in Europe and North

America. National Bank of Kuwait is

bank in Indonesia to comple ment the activities of its Singa pore branch. NBK estimates the bank's business with the Far East has grown by about 25 per cent in the past year. It expects Japan's presence in the Gulf to

become even more conspicuous in the next few years. Korean and Taiwanese com-panies have also been flooding into the Gulf in search of trad-ing and construction opportu-

The Kuwait Investment Authority, the investment arm of the Kuwaiti Finance Minis-try which manages nearly all Kuwait's reserves of US\$95bn. recently established a separate unit to investigate business openings in China The KIA has been investing

in China for the past three years, mainly in appliance manufacturing industries and

# Warrant bonds in disarray as Tokyo shares tumble

Du Pont in pact with Matsushita Electric

By Alan Friedman in New York

DU PONT, the leading US chemicals company, said yesterday it would form a joint venture with Matsushita Electric of Japan to develop specialty materials for the international electronic international electronic international content of the property of the content of the conte tional electronics industry.

The accord, involving Du Pont's Tokyo-based and Gene-va-based subsidiaries, calls for the companies to exchange technical information and develop materials over the next three years. Financial

world's largest suppliers of electronics materials, with sales of about \$2bn in 1989. Matsushita Electric is aiming to increase its overseas sales substantially and to expand its production outside Japan. Du Pont will this morning

terms were not disclosed. Du Pont is already one of the

announce plans to form a joint venture with Ciba-Geigy of Switzerland to develop and market a range of stain repel-lants for textiles.

FT-SE 100 SHARE INDEX4 ....

TURBULENCE on the Tokyo Stock Exchange caused further havoc in the equity warrant sector of the Eurobond market

yesterday, sending prices of some seasoned issues down as much as 10 points before stabi-lising, writes Norma Cohen. The fall came after Japanese

### INTERNATIONAL BONDS

equity prices saw their second biggest one-day fall, with the key Nikkel 225 index losing 4.5 per cent of its value. Since last Monday the index has fallen more than 11 per cent. That drop and the fall in

underlying equities prompted the postponement of a \$1bn issue for Matsushita Electric, originally set for launch yester-day. Nomura International, lead manager of the deal, said the issue had been delayed until the underlying cash mar-kets stabilised. A planned FFr700m equity warrant offer-ing for Yamanouchi Pharmaceutical has also been post-

poned. Nomura and Crédit Lyomais were scheduled joint

On Friday, equity warrants in the secondary market fell sharply, with issues dropping two to three points in heetic trading. Sagging prices of equity warrants are particularly painful for the Eurobond markets as the launch of new issues, attached to bonds, has been the only consistently profitable sector of the market in

the past year.
Secondary market traders estimate that equity warrants have lost 30 to 40 per cent of their value since the start of their value since the start of this year. According to Baring Securities, the average gearing ratio on warrants — roughly defined as the percentage move in the price of the warrant for every one percentage point change in the price of the underlying equity — has risen to 4.3 per cent. That is up from about 3.4 per cent last week.

However, dealers report that free-for-all selling, which has accompanied previous dislocations in stock prices, has not tions in stock prices, has not emerged over the past week.

**NEW INTERNATIONAL BOND ISSUES** Toyote Motor Pinence & Union Bant of Finance p-staring Krediebank Int. Finance(s) & 101.45 1982 1½ Beskverein Bramen SWISS PRANCS Toho Chemical Industry(D)\*\*\* 15 Daiwa (Switzerland) tra-Private placement, \$Convertib \$0/9/92 at 109% to yield 2.711%.

Indeed, hayers have repeatedly emerged at lower levels, help-ing prices to stabilise, and even improve, by midday yesterday. Meanwhile, cancellation of two other issues due out this week is also possible. Yamaichi International said it would assess market conditions today before deciding whether to proceed with its scheduled \$250m equity warrant Eurobond for Mitsubishi Oil. Nilkho Securi-ties is scheduled to launch a \$200m equity warrant Eurobond for Hazama-Gumi on March 1 and will make a decision about whether to proceed later this week.

will be forced to examine the performance of two equity war-rant Eurobonds launched on Friday, one for Yamanouchi Pharmaceutical and one for Today Construction. By mid-sf-ternoon yesterday they were bid at 95% and 96% respec-tively, well below their par issue price less 2% nor cent issue price less 2% per cent

Dealers suggest that coupons on the bonds may have to be raised to make the equity warrants less expensive, thus com-pensating for stock prices. However, borrowers typically resist such an increase, possi-bly preferring a delay in the launch date. in West Germany, Japanese equity-linked issues lost up to 10 per cent of their value after a day of low turnover.

Among new issues, two yen deals emerged, the larger of which was a Y30bn three-year deal for Toyota Motor Finance BV, lead managed by Nomura International. The issue has a "keepwell agreement" from the parent company, carries a cou-pon of 7% per cent and is priced at 161.3125 per cent. Union Bank of Finland launched a V10bn five-year

deal via Sumitomo Trust International carrying a coupon of 7% per cent and priced at 101.85 per cent.

### Ministry to give ground over TSE equity issues

JAPANESE and international securities houses appear to have won important conces-sions from the Ministry of Finance in their battle for control over the secondary market in Japanese equity warrants,

writes Andrew Freeman.
Although no official amouncement has been made, the ministry is expected to drop its proposal for the com-pulsory listing of warrant deals on the Tokyo Stock Exchange. Instead it is set to approve a six-month trial of a new interbroker entity to facilitate trading between market-makers and improve the liquidity and

transparency of the market. The ministry is also believed to have climbed down over proposals concerning the registra-tion required for part of an

international warrant deal to be placed in Japan. Until recently the standard Euromarket protection of the due diligence clause was not regarded as offering a strong enough guarantee, but now the ministry is thought to have accepted it in principle. An abbreviated registration would cut down on paperwork required of lead managers of

warrant deals. The only important sticking point remaining is the question of the warrant price given on registration documents. The ministry wants a single offer-ing price, but securities houses argue that this would raise the possibility of two lead manag-ers offering two issues of the same warrants at different

### NMB Postbank in Polish venture

NMB POSTBANK, the leading Dutch commercial bank, plans a joint venture with Bank Handlowy, a Polish foreign trade bank, writes Andrew Freeman. The new company, called NMB-BH Consultants, will pro-vide financial consultancy ser-

vices to the Polish Government, agencies and Polish com-penies. It will also advise international companies about establishing or extending operations in Poland. The venture will be capital-

Wednesday. Dealers said this had prompted the closure of expiring positions some of which were

options, compared with 17,115 on Friday, the bulk of which were puts. In the futures market, the March contract closed 19 points higher at 2,259, on a turnover of \$12 late southeast to \$250.

In deciding, underwriters

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the institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS	1	Monday February 26 1990					Fris Feb 23	<b>福</b> 22	Feb 21	Year ago (appress)
FK	SUB-SECTIONS pures in parentheses show number of stocks per section	Sadex No.	Dzy's Change	Est, Eardings Yield% (Max.)	Sross Div. Yield% (Act at (25%)	P/E Ratio (Not)	rei adi. 1990 to data	index tio.	Index No.	imiex No.	leader No.
1	CAPITAL 6000S (202)	846.60	+9.7	15.37 15.34	5.05 5.51	9.11 8.13	1.86	\$61.00 1818.06	253.16 1633.75	849.14 1833.97	996,71 1127,58
3	Building Materials (27) Contracting, Construction (37)	1420.42	18.2	17.34	557	7.57	3.69	1414.57	1438.05		
3	Electricals (10)	2357.47	+4.1	11.44	5.29	10.77	1.75	2358.40			
5	Electronics (30)	1877.87	+8.6	9.27	3.84	23.95	18.52	1866.47	1872.33	1875.54	2951.02
7	Engineer)ng-Aerospace (8)	415.78	+1.4	14.54	5.31	8.44	- 8.84	CLLED	417.51	414.51	8.80
7	Engineering-General (43)	455.65	+8.6	12,40	5.24	9,70	1.28	453.62	458,72	457.A2	4.88
á	Metals and Metal Forming (6)	463.30	+0.5	25.45	6.49	4.0	8.80	444.56	#ELM	469.A7	517.53
9	Motors (16)	351.08	+8.3	15.06	6.02	7.79	0.00	349.76	354.45	356.76	345.95
10	Other industrial Materials (25)	1532.20	+0.9	11,00	4.73	18.55	3.06	1318.60	1545.66	1532.44	
21:	CONSUMER GROUP (177)	1223.70	+9.7	9.22	3.89	13.57	3.14	1215.78	1254,87		1151.25
22	Brewers and Distillers (22)	1432.60	+1.0	9.75	3.67	12.66	6.57	1418.29	1447.82	1442.81 1848.86	
25		1052.49	+8.6	10.19	4.21	12.30	1.70	2243.66	1851.74 2261.95	2265.24	1942.77
26	Food Retailing (16)	2265.93	+15	8.95	3.35	14,49	6.97 0.28	235.84	2424.27	2488.21	2874.19
27	Health and Household (13)	2372,00	+0.2	6.54	2.73 3.84	14.23	5.74	1566.51	1534.53	1533.74	1518 12
29	Leisure (33)	1124.34	+1.2	8.68 12.67	5.59	9.57	8.70	357.85	543.19	542.25	585.26
311	Packaging & Pager LL3/	1334734	-81	9.67	5.26	13.20	21.20	3358.46	3377.88		3649.31
32	Publishing & Printing (17)	2249-20	+0.2	11.27	4.84	11.54	1.78	778.66	78151	77LQ	752.11
34	Stores (31)	407 PA	+9.3	11.59	6.02	18.46	8.37	496.16	SHUA	596.84	58L73
35	Textiles (13)	775.00	+8.5	11.04	4.88	10.86	1.57	1144.16	1157.71	1151.71	1571.71
40	Agencies (17)	1616 11	70.0	6.91	2.46	17.28	9.20	1514.21	1545.34	1537.34	1231.78
41	Chemicals (22)	114E 84	+0.9	12.38	3.64	9.50	0.57	1154.57	1163.62	1154.37	1173.33
42	Conglomerates (13)	1578 GG	48.4	11.44	6.24	18.28	5.27	154.54	150.17	1572.84	
43	Transport (13)	2241.35	-0.3	10.00	4.29	11.50	2.88	2247.22	2278.64	2257.74	2265.52
44	Telephone Networks(2)	1214.73	+1.1	10.45	4.22	12.44	0.00	1201.74	1211,70	1293.30	1661.52
43	Water(10)	2846.31	40.4	17.83	6.62	5.50	8.60	2038.58	2453.31	2656.12	9.80
40	Miscellaneous (26)	1823.81	+0.7	9,85	4.51	11.45	1.11	1818.42	11/3.42	1842.54	1422_03
-40	INDUSTRIAL GROUP (482)	1119.75	+0.5	18.88	4.41	11.33	2.33	1112.64	1127,93	1124.23	1471.57
49		2322.06	-0.8	10.39	5.17	12,73	31.87	7349 64	2382,74	2378.73	1848.73
_51	Oil & Gas (18)	1219.76	+0.4	10.74	4.58	11.51	4.59			1228.19	
59	500 SHARE INDEX (500)	818.29	+8.2	24,54	5.37		3.62	209.84	\$19.77	\$15.49	729.17
61		870.26	+8.6	17.95	6.89	7.35	13.93	864.75	371.49	865,79	714.46
62	Banks (9)	1324.76	-0.4	24133	5.01	-	0.00	1329.13	1343.16		1677.52
65	Insurance (Life) (7) Insurance (Composite) (7)		+1.2	-	5.47	_	8.00	442.77	674L06	687.32	582,72
66	Insurance (Composite) (7)	1081.66	-1.0	6.02	5.83	19.52	0.73	1073.62	1109.19	1118.80	999.53
67	Merchant Banks (8)		-0.7		3.45	-	9.94	490.23	473.58	472.94	346.42
68	Property (49)	1106.60	-0.7	8.19	3.90	15.44	1.37	1114.16	1140,37	1139.93	1262.96
69	Other Financial (28)		-1.1	13.77	6.73	9.59	2.30	318.84	323.50	322.71	37 <b>1.38</b>
_/0	Investment Trusts (68)	1131.41	-0.7	_	3.28	-	4,61	1139.45	1169.55		1056.93
71	Overseas Traders (5)	1363.38	-0.2	11,25	6.71	18.55	38.79	1365.44	1396.58	1394.25	1492.54
91	ALL-SHARE INDEX (687)	1118.85	+0.4	-	4.68	-	4.90	1114.95	1131.29	1127.78	1439.40
44	MIN-SIMME MARK AGO. I STREET	- Comban	Day's	Day's	Day's	Feb	Feb	Feb	Feb	Feb	Year
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Debentures & Leans	100.26		100.32	0.98	_		Debs & Leans.	5 years 15 years 25 years	13.43 12.91 12.91	13.52 12.97 12.97	11.2 10.4
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# LONDON MARKET STATISTICS RISES AND FALLS YESTERDAY

LONDON RECENT ISSUES

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FIXED INTEREST STOCKS

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### LONDON TRADED OPTIONS

AN IMPRESSIVE futures-led 100 index options yesterday, and made up for the lack of volume in stock options.

After the 1,569 point decline in the Nikkel Index there were fears

of a steep tall in London. How-ever, the futures market opened at a 10-point premium to the cash index, indicating that some deal-ers did not share those early peesimistic predictions. The futures index then started to rise as shorts were squeezed, pulling the cash market behind it, and prompting some aggressive buying of FT-SE calls and selling of

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By the time Wall Street opened the FT-SE index had been dragged near to Friday's closing levels. The subsequent modest gains by US equities pushed the market Into positive territory, spurring further profit-taking in FT-SE puts, institutions were said to have sold puts and accounted to have sold puts and accounted for around 20 per cent of the FT-SE index options business, one dealer estimated. The brisk trace in the futures market also

6,312 lots, equivalent to £356m of Among the stock options, Ferranti was the busiest, turning over 1,359 lots, as James Capel bought 1,250 of the March 40 calls at 3p. in a technical trade. British

with 1,049.

laed at \$100,000.

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Joint approach to a pan-European market for financial services

# Invesco and Italian group set up \$3bn investment management fund

investment management group formerly called Britannia Arrow, is to set up a \$3bn (£1.76bn) joint venture with IMI, the Italian financial services and mutual fund group.

The aim is to create a pan-European investment manage-ment group, IMI MIM Interna-tional Asset Management. The joint venture will combine marketing and investment expertise and will seek to obtain funds for investment in Europe from outside investors,

particularly in the US and

IMI is a leading Italian financial services group with subsidiaries in banking insurance, investment banking and secumanagement division which largest independent global fund management groups, with assets worth some \$39bn under

its management.

Lord Stevens of Ludgate,
chairman of Invesco MIM, said the new fund was being created to capitalise on "the enormous opportunities for the creation of the single European market".

management field the radical difference in the structure of distribution on the Contine makes it extremely difficult for a British fund management group to formulate an effective strategy for entry."

'Amalgamation of our efforts with those of IMI provides us with a partner which is a leading force in direct distribution in its home market of Italy and will permit us to create a new company which will be able to draw on the best qualities of these two very diferent but complementary traditions of investment and dis-tribution. By this move we intend to play a leading role in the integration of European investment markets in the

Mr Ratan Engineer, finance director of Invesco MIM, said "huge" markets of Japan and the US were very con-scious of the potential for investment in Europe with the proposed deregulation of trade barriers in 1992.

"But Japan, in particular, tends to see Europe as a series of fragmented markets, and this immediately gives us expertise in Italy," he said.

Lord Stevens explained that his company's name had been changed because Britannia "had nationalistic connotations in some countries" and was considered particularly unhelp-ful in France and certain other The new name is com-

pounded from the titles of two of the group's subsidiary com-panies in the US and UK respectively, and the change was said to reflect the globalisation of business.

There are no plans to change the names of individual trad-ing subsidiaries, which in Britain include MIM Britannia in unit trusts and NKL Britan-nia in unit-linked life assur-

Mr Engineer said it had taken about six months of talks to get the joint project with IMI off the ground.

Mr Vittorio Serafino, deputy general manager of IMI, is to be invited to join the board of Invesco MIM.

Mr Alan Benjamin, Sema

Group communications direc-

tor, has decided to leave the



Sir David Plastow before announcing profits 20 per cent ahead at 283.8m in spite of a 10 per cent

### First Tech worried about its Ricardo stake after SAC bid

By Nikid Talt

FIRST TECHNOLOGY. the security and safety systems company, yesterday made pub-lic its unhappiness at the pro-posed merger between the two engineering services groups, Ricardo and SAC international First Tech holds a stake of almost 15 per cent in Ricardo, the Sussex-based engines and transmissions designer — a hangover from its unsuccessful

bid for the group last year.
Ironically, SAC was one of
the sellers in the market raid
last year, which allowed First last year, which allowed First Tech to build up its holding. First Tech declined to specify what course of action, if any, it planned to take, but said that the situation was being reviewed. It added that it had not been in touch with any other of Picardo's metiturional

other of Ricardo's institutional

given that the all-paper hid by Ricardo for SAC would result in a reduced stake of only 7 per cent in the merged business Before the merger news, First Tech had been coy about saying what its future intentions were with regard to the Ricardo stake, but had suggested that if it contemplated a new hid few Discuss. plated a new bid for Ricardo, it

The former bidder claimed yesterday that the current deal looks better for SAC than for Ricardo" and would give the former greater boardroom

would be unlikely to be before

Although First Tech is probably free to rebid for Ricardo immediately if it wished instead of having to wait until April – it indicated that, if any further action was taken, it would be likely to concen-trate on the impending extraor-

dinary meeting of Ricardo shareholders.

The meeting, at which shareholders will be asked to give their backing to the hid for SAC, is due to be held on March 12. March 12.

Ricardo posted its formal offer document yesterday, claiming that the link-up would give the enlarged group a broader business base, wider geographic coverage and marketing opportunities and would boost financial strength.

It said that major sharehold.

it said that major shareholders had been consulted about the proposed merger and that no objections had been regis-tered to date.

Shareholders speaking for almost 46 per cant of SAG have given irrevocable undertakings to accept the offer, and a fur-ther shareholder with 10.7 per cent has indicated its intention

### Runciman dismisses £47.8m Swedish bid

By Clare Pearson

WALTER RUNCIMAN, the shipping, security and in ance group, yesterday dis-missed as "wholly inadequate" a £47.8m hostile takeover bid launched last Friday by Forvalinings AB Avena, the diversified Swedish group which holds 28.5 per cent of its

Referring to an earlier 231m hid from Telfos, the UK engineering group, that the company fought off in 1988, Viscount Runciman, chairman, said: "I have no doubt that Avene will have no more green. Avena will have no more suc-cess in trying to buy the com-pany on the cheap than did Telfos."

Telfos."
In its statement, the board recommended shareholders to reject "this unwelcome and unacceptable offer" for the company. The shares closed up 2p at 520p, exactly the level of Avena's cash offer.

Viscount Runchman said be level of forward shortly in present

looked forward shortly to preslooked forward shortly to presenting the company's figures for the year to end-December, which prior to the appearance of the takeover hid had been scheduled for release in May.

Avena, which has interests in property, construction and security againment, accurity security equipment, acquired its stake from Telios last

Runciman's interests in heavy security equipment, which could be comp to its own, first attracted Avena's attention. However, Mr Hans Eliasson, chairman, has said he would also wish to retain the shipping interests if Avena's bid were successful.

### **Profit warning** from Parkway

Mr Moger Woolley, the newly-installed chairman of Farkway Group, told shareholders yesterday that the pre-press production company was unlikely to show significant profits in the eight months to May 31 and did not expect to achieve the level of profit made in the last financial year, writes John Thorn-hill.

The USM-quoted company's shares closed 18p down at 60p. Last August Parkway's shares stood at over 220p but they fell heavily after the company issued a profits warning and sphaequently reported annual pre-tax profits of 58.12m, well below market expectations.

Mr Woolley, formerly chief executive of the DRG packag-ing group, said the period from October to December 1989 had been among the quietest the advertising market had ever encountered.

# Sema buys 49% of French software house

Shell demands increase in

The clubs are also offering an extra \$200m voluntary an offering spill from a pipetranche of cover arranged line on the Mersey.

DIVIDENDS ANNOUNCED

Dividends shown pence per share net except where otherwise stated, \*Equivalent after allowing for scrip issue, †On capital increased by rights and/or acquisition issues. §USM stock. §Uinquoted etock. §Third

tanker insurance cover

By David Thomas, Resources Editor

SHELL, the Anglo-Dutch ofl company, is to require all oil tankers it charters to increase

their insurance cover to \$700m

(£412m) because of the escalating costs of oil pollution

The move is part of a general

increase in insurance cover fol-

lowing recent well-publicised oil spills, notably the Exxon Vaidez spillage in Alaska last

The Protection and Indem-

nity Clubs, which provide lia-bility insurance for oil tankers, increased their standard oil

poliution cover from \$400m to

rights and/or acquisition issues. §US market. Firish currency throughout.

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\$500m last week.

GROUP. the Anglo-French computing services company quoted in Lon-don, has acquired a 49 per cent stake in a French software house developing a computer system for the French securi-

ties market. Sema announced yesterday that it had signed an agree-ment with Societe des Bourses Français (SBF) to acquire 29,400 shares in Tibet for £5.1m cash. Tibet has for the past

Hatfield shares

Shares in Hatfield Retates yesterday jumped 40p to 225p after the Hertfordshire-based

property developer and build-ing contractor said it was in discussions which might lead to an offer being made for the

The company to which USM-quoted Hattield is talking is a much bigger listed company in the same business.

Mr Ken Wilkins, managing director, stressed that the

talks were not spurred by any adverse effects Hatfield was suffering from the downturn in building and property.

"We have a healthy work-load and virtually nil borrow-

ings. We have simply received an approach which we are tak-

ing seriously."
Hatfield, which operates in

north east, north west and south west London, has no exposure to the private sector

In the year to end-August, the company reported pre-tax profits up from £2.2m to £2.64m.

jump 40p on

bid talks

By Clare Pearson

three years been developing and marketing a front and back office system which is due for delivery in September. Tibet was established by SBF to build the new system and some 25 brokers have already signed up for the prod-uct. Sema is now the compa-ny's single largest shareholder and will appoint the managing director; each broker has a small equity stake in Tibet with SBF holding the

Tibet had net tangible assets of £4m, a turnover of £16m and made profits after tax of £440,000 in 1988.

Mr Jerry Jerram, Sema finance director, said Tibet would benefit from exposure to the management of a broadly based computing services group. Sema would benefit from a strengthening of its position in the specialist finan-cial services market.

through the International Group, which places the P&I Clubs' reinsurance.

has now decided to require all tankers transporting Shell oil to state that they have the

maximum \$700m cover.
"Recent events have shown

that costs of pollution pre-vention and cleaning can on occasions substantially exceed the cover presently available, and it is our view that res-

ponsible tanker owners would

wish to avail themselves of this additional cover," Shell International Marine

Shell was last week fine

Total last year

Shell International Marine

company. A computer profes-sional since 1963, Mr Benjamin was director general of the Computing Services Associa-tion and director of communiestion for International Com-puters (ICL) before Sema. He remains a non-executive director of Sema and intends to pursue other interests in the computer industry.

### Shell delays re-opening of **Brent platform**

Shell has further delayed the resumption of production at Brent Charlie, one of four plat-forms in the Brent oilfield, writes David Thomas

Brent Charlie, which was producing 100,000 barrals per day, was closed last May for one month of maintenance.

The repeatedly delayed restart of production is now planned to take place in the first half of April first half of April.

However, Shell said that Cor-morant Alpha, which produced about 40,000 b/d before it was closed following an explosion last April would resume pumping oil sahore in about a fortnight's time. n reconsum n

granted permission by the Department of Energy to build a £162m pipeline to bring oil ashore from the company's Forties field. The pipeline, announced by BP last year, will be laid this summer.

### shareholders, to sound out their views. Its disquist is not surprising, MIM postpones launch of new

**Europe oriented investment trust** 

TODAY'S LAUNCH of a new investment trust concentrating on European markets has been postponed at the last minute by MIM, the UK fund.

Asset Management also put on ice plans to launch a new European trust, in this case focusing out smaller compa-

management group.

MIM said that the start of ... Last week Mercury said the was being put off in the light of the current volatility and uncertainty across world stockmarkets.

The decision was taken last Friday amid sharp falls in the

Earlier this month Mercury

chiefly based on concerns about confusion and competi-tion created by the large num-bers of similar trusts that emerged as some European markets neared their peaks

earlier this year.

today, Drayton Europe would have been the eighth share issue by a new or existing European fund to emerge in London so far in 1990. Quantities - of similar

If it had been launched

New York and elsewhere. Mile plans to launch Dray-ton Europe, a broadly-based European fund, at a later date. The aim had been to raise

subscription in London.

about £50m via an offer for

### housing market. The bulk of its business is manufrated on commercial and industrial buildings. Directors of Hatfield control Poor weather contributes to Caldwell's fall into loss Appleyard Group ... Cooper (Alen) ... int Colour Mangt .... Printech Inti § ..... Apr 12 2.5014 10 7.5 all but about 12.5 per cent of the issued share capital.

CALDWELL investments, the Third Market quoted holding company with interests in the import and distribution of clothing, yesterday reported hefty losses for the 16 months ended October 81.

At the taxable level the com-pany suffered losses of £166,000 on turnover of £5.32m. This compared with profits of £163,000 on turnover of £5.87m in the year to June 30 1988.

No dividend is proposed for the 16-month period.

The group blamed poor weather and exceptionally difficult trading conditions for its

weak performance. This has already resulted in the closure and subsequent creditors' vol untary liquidation of two sub-sidiaries - GR Frankel (Overseas) and Priorsource.

A 223,000 tax credit and a 2383,000 below-the-line charge, relating to Caldwell's share of the lower of subsidiaries that are no longer consolidated, brought after-tax losses to

Taking into account an unexplained £34,000 extraordinary item, the loss for the period was £482,000. According to the liquidators,

Caldwell is owed £280,000 by Priorsource, which is esti-mated to have a net deficit overall of £398,000. The unit was incorporated in April 1988, acquiring the woollens and casual wear division of M Edul-

son, a furs company, one month later.
GR Frankel is estimated by liquidators to have disposable assets of £131,434 and unsecured credit of £275,507. Among its creditors is West German Nissel Textilien, a third Cald-

well subsidiary.

According to the liquidators' report filed following the Fran-

kel creditors' meeting, an inter-nal investigation has revealed an apparent "series of accountancy errors amounting to some £100,000".

The report said that both Frankel's bankers, Banque Indosnez and National Westminster Bank, froze the company's facilities after the grant-ing of a Mareva injunction alleging that its assets were being dissipated.

Caldwell is the latest vehicle in the somewhat turbulent career of Mr Stanley Wootliff, its chairman. Mr Wootliff pre-viously occupied a similar postbased clothing manufacturer which went into receivership

His curriculum vitae also includes spells with William Reed & Sons, a taxtiles group,

deed & Sons, a textiles group, and Unigroup.
Caldwell said yesterday that it intended to issue 1.56m new ordinary shares at par to raise working capital. The issue will be by way of a placing and open offer to shareholders on the register on March 2.

Losses per share were 10.11p, versus a profit of 2.27p. The shares fell 2p to 20p.

- 1

### THE COMPUTER **INDUSTRY**

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Particulars relating to the Company are available in the Extel Statistical Service. Copies of the Listing Particulars may be obtained during normal business hours (Saturdays and public holidays excepted) up to and including 1st March, 1990 from the Company Announcements Office, Primary Markets Division, The Stock Exchange, 46 Finsbury Square, London EC2A 1DD, and up to and including 13th March, 1990 from:

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Profit warning

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RETTING

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Queens Moat wins control Laing Properties calls of Norfolk Capital



won control of rival hotel group Norfolk Capital after a contentious and bitterly-fought £157m takeover struggle. Queens Moat announced yes-

terday that it controlled 52.94 per cent of Norfolk Capital's shares and had declared its 2-for-5 all-share bid uncondi-

hotels and would review its position with regard to its clubs. "We do not understand the clubs business and will have to get to know them very quickly," he said. In launching its bid in Janu-

ary, Queens Moat unashamedly took advantage of board divisions at Norfolk Capital and a dispute with Balmoral International, a private Edin-burgh company which owned 13 per cent of Norfolk's equity. At a Norfolk Capital share-

Mr Bairstow admitted yester-day that Queens Moat's bid was opportunistic but said he was not embarrassed by this. "I just take the opportunities whenever they come up," he

2p to close at 97p ahead of the announcement.

fully, to force changes in the

cent shareholding in favour of Queens Most's offer.

also voted its stake in favour of the offer adding to Queens Moat's own holding of just

under 10 per cent.

# predators opportunistic

market operators

UK COMPANY NEWS

holders' meeting, Balmoral International tried, unsuccess-LAING PROPERTIES which LAING PROPERTIES which is facing a hostile £441m bid, yesterday hit out at the record of its predators, Peninsular and Oriental Steam Navigation and the privately-owned Chelsfield group, claiming that they were connectivities property company's management and have Mr Peter Tyrie, Balmor-al's managing director, appointed to the board. Earlier this month, two Nor-folk directors, Lady Joseph and Mr Tony Good, resigned from the company after prolonged disagreements with the rest of the board and voted their 8 per

"opportunistic property market operators."
In its first defence document, Laing maintains that both bidding companies have "reputations for buying cheap and selling out a profile."

profit".

It pointed to P&O's acquisition of Stock Conversion, another property group, in 1986 "with the assistance of a 26 per cent stake acquired from Stockley where Elliott They accepted that Queens Most's share offer undorvalues the company's assets but cast doubt on the Norfolk Capital's defence proposals which involved the sale of £75m of from Stockley, where Elliott Bernerd was a major share-Queens Moat's victory was virtually assured a week later when Balmoral International

In the current bid, Chels-field represents Mr Bernerd's private vehicle.
"This was followed by the break-up of Stock Conversion's management team and substantial disposals and substantial disposals from its property portfolio.
"The Stock Conversion shareholders gave up the opportunity to participate

in subsequent growth — do not let the same happen to you," the Laing document urges. In the document, Laing

makes a great deal of the diversification within its portfolio, half of which is

outcome will be the decision of various family and chari-table trusts which control about 40 per cent of the

equity.
Pall Mall Properties, the vehicle through which the predators are making their takeover offer, has already suggested that its offer presents an opportunity to "re-align investment portfolios on a more broadly spread basis." Laing countered yesterday

by telling shareholders:
"You will not easily be able
to reinvest into a comparable portfolio if you accept
wall Mall's offers."

As expected, the initial defence contains no new financial information. Laing promises that 1989 results, together with a full current valuation of the property portfolio, will be released next month - at which point the shadow-boxing is likely to develop into a fully-fledged battle. Laing shares closed unchanged at 664p, com-pared with the offer price of 650p. The group's property interests have also been expanded. Five greenfield sites have been completed and several other dealership sites have been

Appleyard rises to over £11m

in spite of tougher conditions

APPLEYARD GROUP lifted pre-tax profits by 23 per cent to £11.11m in 1989, but the Harro-gate-based motor distributor

to be performing above expec-

warned that it saw no respite from the tough trading condi-tions in the first half of the Turnover was 27 per cent higher at £414.07m (£327.13m) and at the operating level profits increased 42 per cent to £13.01m (£9.27m). tons in the max han in the current year.

Vehicle sales were affected by high interest rates, which hit used car volumes particularly hard. They were estimated to be about 35 per cent down in the fourth quarter.

Sales of Peuceot cars were £13.91m (£9.77m).

The net interest charge more than doubled to £4.3m (£1.86m) and after tax of £2.71m (£2.19m) Sales of Peugeot cars were earnings per share were unchanged at 22.4p. A recommended final divi-

also lower, as a result of sup-ply difficulties following a pro-longed strike. But the group's Scania commercial vehicle dend of 5.2p increases the yearly pay-out by 18 per cent to 7.8p (6.6p).

Mr Mike Williamson, the operations reported excellent results, although they have since encountered harder tradchairman and chief executive, said: "The strategy and policies which we have followed consising in 1990.

In September, Appleyard pald £18.3m for Skelly Holdings, the largest retailer of Audi and Volkswagen cars in tently for the last three years are even more appropriate

ing climate.

the UK. It also bought three Volvo dealerships earlier in the year. These acquisitions made little contribution to 1989's results, although Skelly is said Appleyard showed strong growth in operating profits during the year, registering a 42 per cent advance to £13.91m. to be performing above exper-tations in the current year.

Appleyard's contract hire fleet expanded to over 12,500 vehicles and operated "very profitably" during the year.

Residual values, however, were estimated to be 10 per cent but higher interest charges dragged the result down at the pre-tax level. This story is likely to be a familiar one in the current year. A sound operating performance - albeit within market constraints -

than ever in this difficult trad-

Share price (pence)

will be hampered by Appley-ard's ungainly financial posi-tion as its gearing stands at over 70 per cent. Earnings per share are consequently unlikely to advance much, if at all and the properties pie is all, and the prospective p/e is only 6.5, assuming pre-tax profits of £13m. The prospects in the longer term are rosier, however, as Skelly will chip in and the group can expect to benefit from its property development programme. But it may be a long wait before those expectations are translated into earnings and in the meantime its share price is

### Laura Ashley finally fills finance director vacancy

ley's current problems.

Last month the group revealed that it would break

first half. As well as the diffi-cult trading conditions for retailers, the group blamed, poor production planning at its factories.

Mr Higginson, 32, comes from Guinness, the international drinks company, where he is finance director of Guinness Brewing International, which runs the brewing operations outside the UK and North America. Previously be worked at Unilever, spending two years in Hong Kong as



Andrew Higginson: first full-

# 23.3p Vickers P.L.C. EARNINGS PER 50p ORDINARY SHARE 14.5p 5.6p

# SIXTH CONSECUTIVE YEAR OF EARNINGS GROWTH

Extracts from the statement of the Chairman, Sir David Plastow

Earnings growth continued in 1989 for the sixth consecutive year. Pre-tax profits were £83.6 million, an increase on 1988 of 19.8 per cent. Earnings per share grew by 20.7 per cent and the proposed full year dividend of 8.9p represents an increase of 18.7 per cent.

1	988
77	
6	9.8
4	2.9
) (1	9.6
2	3.3
p i	9.3
	_

The compound annual rate of growth in earnings per share over the last six years has been 27 per cent, an excellent performance which reflects the strength and balance of our portfolio of international businesses.

### A DYNAMIC YEAR

1989 was a particularly active year for the Company, with the sale of Howson-Algraphy and the acquisition of Ross Catherall being major steps forward in the continuing progress of our strategy.

### **ROLLS-ROYCE MOTOR CARS**

The continued success of Rolls-Royce Motor Cars in 1989, with a 16 per cent increase in worldwide retail sales, was

achieved against a background of adverse currency factors and a weak market for luxury vehicles in the United States. The autumn launch of the new Rolls-Royce and Bentley models was very well received by press, public and dealers.

### DEFENCE AND AEROSPACE

It has been a year of sound achievement by Vickers Defence Systems. The development contract for Challenger 2 announced in December 1988 gave Vickers some tough milestones to meet. I am happy to say that the Division has kept ahead of programme for the completion of prototypes in September 1990.

In the House of Commons earlier this month, the Secretary of State for Defence stated: "We have certain problems with the age of present tank components and we need to ensure we have a modern tank capability. I think there is a prospect of significant purchases of tanks and it is worth putting that on record."

### MEDICAL EQUIPMENT

Vickers Medical Division continued to make progress. Air-Shields Vickers performed well in the neonatal incubator sector despite a soft market for medical equipment in the United States. Demand in Europe for neuro-

diagnostic equipment has been strong. A number of new products were successfully launched by the Division.

### MARINE ENGINEERING

In 1989 the Marine Engineering Division produced a noteworthy recovery, returning to acceptable levels of profitability in a marine engineering market that is still at a low ebb in most parts of the world.

### DIVIDEND

The Board is recommending a final net dividend of 5.6p per 50p Ordinary Share, making a total of 8.9p for the year compared with 7.5p for 1988.

### PROSPECTS

Vickers has a strong balance sheet and a range of high quality products and brands. The Company is particularly well placed to produce continued earnings growth despite a more difficult international economic climate.



be paid on 11 May 1990 to abarchoiders on the register at 12 April 1990. The full Report and Accounts will be posted to gluechoiders on 22 soon on 25 April 1990 at Victors PL.C., Milithank Tower, Milithank, London SW1P 4R.A. 6681, for which the Directors of Victors PL.C. are solely responsible, here been approved for the purposes of Section 57 of The Financial Ser

dismisses £47.8m Swedish bid

> John Bairstow: the company would benefit greatly from the addition of Norfolk's hotels

QUEENS MOAT Houses has

Mr John Bairstow, Queens Moat's chairman, said the company would benefit greatly from the addition of Norfolk's

# By Maggie Urry

LAURA ASHLEY, the loss-making international clothing and home furnishings group, will today announce that it has found a new finance director, Mr Andrew Higginson, who will join the group at the end

Laura Ashley has been with-out a finance director since Mr Peter Phillips left to join Hep-worth Ceramic, the building materials company, at the end of 1988. The lack of a full-time finance director has added, analysts believe, to Laura Ash-

even in the year to the end of February, before exceptional costs of 22.5m, after making pre-tax profits of 26.5m in the



commercial director of Lever Brothers China.
- Laura Ashley has been seek ing a new finance director for more than a year and has been close to making an appoint-ment before but without suc-

Mr Higginson was head hunted last December, and was apparently attracted by the chance to join the board of a quoted company with a strong brand name.

### **EUROPEAN OFFSHORE** FINANCIAL CENTRES

The Financial Times proposes to publish this survey on:

29th March 1990

For a full editorial synopsis and advertisement details, please contact:

Henry Krzymoski or Gillian King on 01-873 3000

or write to her/him at:

Number One Southwark Bridge London SE1 9HL

**FINANCIAL TIMES** 

EUROPEAN HIGH TECHNOLOGY The Financial Times proposes to publish a Survey on the above on

20th March 1990 For a full editorial synopsis and advertisement details, please contact: Meyrick Sim

> on 01-873 4540 r One, Southwark Bridge Letter SEL PHIL **FINANCIAL TIMES**

# Ferranti gets go-ahead to sell defence arm to GEC

By Michael Skapinker

SHAREHOLDERS OF Ferranti International yesterday approved the sale of its defence systems group to the General Electric Company of the UK for £270m. Ferranti said it expected to receive payment from GEC by March 2.

Provided the money is received by this date, Ferranti will abandon its planned

£187.1m rights issue. Mr Eugene Anderson, appointed last Friday as Ferranti's new chairman, said the company was still negotiating the sale of a 50 per cent interest in Ferranti Italia to GEC for about £40m.

Although negotiations were not complete, he said he did not envisage any difficulties

with the sale. Ferranti has agreed to sell the remaining 50 per cent of Ferranti Italia to Finmeccanica, the Italian state-owned defence and indus-

There were no questions from the sparsely attended meeting about the £490,000 severance payment which is being made to Sir Derek Alun-Jones, who resigned as Ferranti's chairman last week.

Sir John Hoskyns, a member of the Ferranti board, said after the meeting that the payment was being made on the basis of legal advice. Sir Derek still had two-and-a-half years of

his contract to run.
Sir John said that Sir
Derek's share options would

now lapse. Ferranti's accounts show that Sir Derek held options on over 736,900

the meeting was struck by Mr Ian Mackeson-Sandbach, trustee and executor of the major trust of the Ferranti

### ICM in takeover talks as losses mount to £1.71m

By David Owen

INTERNATIONAL Colour 21.71m, against a loss of Management, the manufac- £666,000 in the corresponding Management, the manufac-turer of computerised colour control systems which yester-day reported increased halfyearly losses, is in "serious" discussions with a "significantly bigger" third party regarding a possible offer for the company.

The group has found its growth constrained by inadequate access to capital in recent months. "We probably could grow an awful lot faster with access to more capital. If we found the right parent company, we would view that quite favourably", said Mr Ian Williams, managing director, yes-

For the six months to
December 31, Newbury-based
ICM reported a pre-tax loss of second half to the year.

Results were affected by a sharp increase in net interest payable to £483,000. ICM attributed the steepness of the increment to higher debt levels arising from last year's acquisition of Beacon Controls and high stocks associated with the introduction of a new spectro-

photometer. Turnover climbed from 28.15m to £7.74m, a hike that was again principally accounted for by the Beacon acquisition. The loss per share was 10p (3.8p) and the interim dividend is maintained

### BOARD MEETINGS

The following companies have notified deter
of board meetings to the Stock Suchange,
Such meetings are usually held for the pur-
page of considering dividence. Official Indice-
tions are not available as to whether the
dividends are interims or finals and the sub-
divisions shown below are based mainly on
fast year's timetables.
TOGAY
Interims- Ewart, McAlpine (Alfred), Murray
Income Trust, SEFT.



The only discordant note at

He said that while he believed that the sale of the defence systems group was in the interests of employees and shareholders, the entire profit of this unit since its inception had been "frittered away" by the purchase of International Signal and Control, the US subsidiary at the centre of a £215m alleged fraud against

### **Printech** hit by fall in demand

At the pre-tax level, profits declined from IS2.01m to I£1.85m (£1.72m). Sales were I£15.82m, against I£12.54m. Mr James Flavin, chairman, said profits were adver-sley affected by a significant short-term reduction in the demand for computer hard-

The results included an 125m write-off for losses and

In November last year Printech announced it was discontinuing operations at the Kenmore Press in Bos-

Earnings per ordinary share slipped to 6.4p

because of the extraordinary I£5m provision.

# PRINTECH International, the

USM-quoted Dublin-based computer manual printer, reported a slight setback in profits for the year to December 31 1989 in spite of a 26 per cent improvement in sales.

ware and software.

closure costs on a failed expansion into the US mar-

(8.3p). The directors said they were not recommending pay-ment of a final dividend

An interim dividend of 1.1p was paid last Septem-ber; the total paid for 1988 was 2.5014p.

# Putting steel in management's backbone

Andrew Bolger examines the seemingly inexorable rise of Henry Barrett campaign in his steel buildings

THE PHRASE "Clogs to clogs in three generations" is still quoted in the north of England when discussing the fickleness of family fortunes.

In the case of the Barrett family of Bradford, who run Henry Barrett, the steel and industrial products group, they have taken five generations to transform their footwear ~ and seem to have opted for running spikes.

Since coming to the market in May 1987, Henry Barrett has seen its market capitalisation grow from £14m to more than £100m and its pre-tax profits are forecast to grow almost tenfold to £17m for 1990.

Just before Christmas, Bar-rett made its biggest acquisi-tion so far when it paid £10.8m for another Bradford company Don Reynolds Holdings (DRL) which makes flat panel clad-ding for use in steel-framed buildings. It was the Barrett's 13th acquisition since flotation.

So what has come over this once pedestrian business, whose chairman, Mr Guy Barrett, 64, is a great-grandson of the founder!

Henry Barrett started in 1866 as an iron merchant, and with the greater availability of steel at the turn of the century his company expanded into steel merchanting and structural engineering.

Mr Stuart Greenwood, Bar-rett's finance director, says of the pre-flotation company: "It was never run as a milch cow for the family, as so many pri-vate companies are. The management was very cautions and conservative and saw its role in terms of stewardship for the family shareholders and the employees."
It was into this placid, if

rather boring, environment that there entered two young Turks in the shape of Mr Guy Barrett's sons, James, who is now 35, and Richard, 33. James went off to university, but quickly decided he would pre-fer to work in the family business and started as a manage-ment trainee in 1978. Richard persisted with his studies and rained a double first in engineering at Cambridge before joining Barrett in 1976. The brothers were united in

eeing great opportunities for the company to expand - and both were trustrated by the family's lack of enthusiasm for their big ideas. Richard says: "There was a family rule that



James Barrett (left), Stuart Greenwood, Richard Barrett, James Anderson and Rob Hassell: the five driving forces behind the newly dynamic Heavy Barrett.

before you were 32 we never did find out what was so spe-cial about 32."

An ally for the brothers came in the shape of Green-wood, who joined the board in 1984. He struck up an immediate rapport with James and Richard and agreed that Barrett had great potential. Greenwood says: "I saw it as an opportunity to not just earn a good salary, but to have an equity stake in a company which I really believed in."

The trio began to bush for-

The trio began to push for-ward schemes for expansion. Greenwood and the brothers would meet to hammer out their plans before board meet-ings, from which James and Richard were excluded. Greenwood says: "If things were not going well, I would excuse myself to go to the toilet and we would get into a huddle in the corridor and change our

The breakthrough came in 1986 when James and Richard joined the board. Together with Greenwood, they borrowed heavily to help buy out the 48 per cent of the company's shares held by family members who were not members who were not involved in the business. Henry Barrett came to market

the following year.
Immediately after the placing, directors held 30 per cent
of the new company, but that stake has since been diluted to 14 per cent by the issuing of new shares.

Today, Barrett comprises four divisions. Richard is man-aging director of steel build-ings, and steel services is run by James, who also became chief executive on January 1. His father, Guy, will retire as chairman on March 16 and become non-executive chair-

buy for

Simon Eng

fees will cease on acquisition by Simon.
The initial cash consider-

ation is C\$13m. There is a deferred payment of up to C\$3.5m depending on profits for the year to end-January

Southwest Resources

energy and property develop-

you could not be a director man. Of the two newest divisions, special products is run Mr Rob Hassell and Mr James Anderson is managing director

of materials handling.

Barrett's early rapid growth was based on its steel buildings. It benefited from the boom in steel-framed ware-houses and built out-of-town stores for retailers such as B&Q MFI and Texas Home-

The steel services division is one of British Steel's biggest customers and still accounts for more than 30 per cent of group turnover. Although a low-margin business, steel stockholding generates cash and allows Barrett to supply all of its steel internally. Barrett's stockmarket image

has at times suffered from the association with the now-trou-bled DIY sector and a business as cyclical as steel stockholding. The company argues that by moving towards tubular structures, business parks and distribution warehouses, it has reduced its exposure to the purely retail side. In steel ser-vices, it has concentrated on value-added services such as shot-blasting, priming and cut-

ting steel to customers' exact specifications. Nevertheless the new mangement team has never been in any doubt about the need for Barrett to diversify. Greenwood says. "It was always part of our strategy to fish in different parts of the economic cycle and in different countries. The success of this effort is

illustrated by the special products division which, although accounting for only about 13 per cent of turnover, is ilkely to produce more than 20 per

ning of the business." He has recently launched a housekeep cent of group profits.

This division makes Lindap-ter, a system for bolting steel recently launched a management

division, complete with videos for the workforce and weekly meetings of managers. It will last for five years.

Greenwood examines every potential target with the relevant divisional managing director and takes charge of the acquisition strategy. The classic simution is that of a private business which has strong in a size bloom than the grown to a size bigger than the founders can handle and yet which has lots of growth poten-

All Barrett employees participate in the group's bonus scheme. The managers of each subsidiary agree a budget with Barrett, and the bonus only starts being paid when the business achieves 90 per cent of its target. Once that threshold is crossed, however, there is no ceiling on the amount is no ceiling on the amount that can be earned. Last year all the directors of the steel buildings division doubled their salaries with bonus pay-

obviously not easy in a group where each of the four divi-sions is now higger than the original parent company was when launched in 1987. Every divisional managing director has a managing director from another division on his board to give another point of view and improve group cohesion.

Greenwood sits on the boards of all subsidiaries and s in overall charge of financial strategy. However, he is aware that the group would probably have to strengthen its management structure before being able to expand internationally

Having been launched at 70p, Barrett's shares now trade at 245p. They increased in value by more than 50 per cent last year, making Barrett one of the best performing small companies in 1989.

Barrett clearly has got off to a flying start with its policies of diversification and shrewd acquisition, followed by improved marketing and financial controls.

driven group. Our strength is that we can run businesses well. Primarily our growth has been organic."

Richard Barrett sgrees: "The bulk of management time is How it weathers the looming domestic downturn and the management problems posed by further international expansion will determine whether this impressive sprint performance can be maintained over a longer haul.

### COMPANY NOTICES

### **GENERAL MOTORS** CORPORATION

NOTICE IS HEREBY GIVEN that resulting from the corporation's declaration of a dividend of \$0.75 (gross) per share of the common stock of the corporation payable on the 10th March 1990 there will become due in respect of the bearer depositary receipts a gross distribution of 3.75 cents per unit. The depositary will give further notice of the sterling equivalent of the net distribution per unit payable on and after the 15th March

All claims must be accompanied by a completed claim form and USA tax declaration obtainable from the depositary. Claimants other than UK banks and members of the stock exchange must lodge their bearer depositary receipts for marking. Postal claims cannot be accepted. The corporation's annual report for 1989 will be available upon application to the depositary named

**Barclavs Bank PLC** Stock Exchange Services Department 54 Lombard Street London EC3P 3AH

Dividend declaration

NOTICE IS HEREBY GIVEN that we interior dividend, Dividend No. 9 of 50 ceres per chara has been declared, payette to members registered at the close of business on 16 March 199 The register of members of the company will be closed from 19 March 1990 to 50 March 199

The dividend is declared in the currency of the Republic of South Akics, Payments from the United Kingdom office will be made in Sterling at the rate of exchange ruling on 12 April 1980, or the Stat day therafter on which a rate of exchange is available.

In the case of non-resident shareholders, treation of 15 per cent will be deducted.
The full conditions of payment may be inspected at or obtained from the registered office.

BY ORDER OF THE BOARD

per pro. GENCOR (U.K.) LIMITED

Landon Transfer Office: Bardays Registrate Limited 6 Greencoat Place

LEGAL NOTICES

istored No: 2020593 CCA BUSDIESS CENTRE LIMITED

Former company remes(s):- Apple Centre Chelses Limited
Trading names(s):- Apple Centre, Cholses, Apple Centre, Cameridge
Description of any assets not covered by the debersure-- None.

Trade classification; 38
Date of appointment of joint administrative
receivers: 9 February 1999
Name of person appointing the joint administrative receivers: Standard Chartered Bank
If W Core J at assess
Joint Administrative Receivers
(Office holder nos 1953 and 2104) of Cork
Guily, Sheltey House, 3 Noble Street, London
ECEV 700

Trade classification: 36

LONDON SWIP 1PI

have capital: Authorised -160,000,000 ordinary shares of no-par Value : Issued #65,000,000 ordinary shares of no-par value

nde are declared in February and August of each year,

Beatrix Mines

Limited

30 Ely Place LONDON EC1N SUA

THE ROYAL BANK OF CANADA
U.S. \$350,000,000 Roelling Kirle
Debentures due 2005
In accordance with the Terms and
Conditions of the Debentures, the

has been fixed at 8%% per annum. On 30th March, 1990 interest of U.S. \$6.979167 per U.S. \$1,000 nominal

amount of the Debentures will be due

for payment. The rate of interest for the period commencing 30th March, 1990 will be determined on 28th March,

Agent Bank and

26 February 1990

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### LEGAL NOTICES

IN THE MATTER OF DREET BUTWIKM LANGUTT SECURITIES LIMITED

IN THE MATTER OF THE IMPOLVENCY ACT 1986

exchange.

Trade classification: 36

1980 C.T.E. Hayward and P.W. Wellace Joint administrators (office bottler

DREXEL BURNHAM LAMBERT HOLDINGS LIMITED

IN THE MATTER OF

DE THE MATTER OF THE INSOLVENCY ACT 1988

Administration pross 1980 C.T.E. Haymand and P.W. Visitings Land administrators (office holder nots) 6088

IN THE MATTER OF DREATEL BUILDINAM LAMBERT LIMITED

IN THE MATTER OF THE INSOLVENCY ACT 1986

1990 C.T.E. Hayward and P.W. Wallace Joint administrators (office holder A cast.

CCA MICRORENTALS LIMITED Registered Humber: 1949792

Trading remosfith Apple Business Centre, Cholese PC Business Centre Description of any assets not remove by the choenings None Insurance OCA MIXORENTALS LIMITED
Trade planting aborts oil disposal Southwest Resources has been forced to delay its exit from oil and gas. It said that the planned disposal of States LIMITED
Trade clessification: 35
Date of appointment of joint administrative receivers: 15 February 1990
Nesse of person appointing the joint administrative receivers: 3 Fig. 91 W Cort. J M tredate
Joint Administrative Receivers
(Ottoo holder nos (80) and 2104) of
Cort Guilly, Shelley House, 3 Noble Street Petroleum, an operator of fields in Texas, Louisiana and Mississippi, had been dropped after talks with Sunlite, a US

ment company, were terminated, writes Clay Harris. The aborted sale means that Registered No: 1271824 CASHIRIPAR COMPUTER STORE LIBRIED Southwest, a former subsidiary of the falled Dominion Interna-(£4.1m) in borrowin

Training country of the state o Trade classification: 35
Date of appointment of joint administrative receivers—8 February 1980
Name of person appointing the joint administrative receivers—Standard Chartered Benit II W Cork J II Iredate
Joint Administrative Receivers

(Office holder one 1853 and 2106) of Cork Gully, Shelley House, I liable Seven, London BCZV 7DQ Registered No: 2092124

debenfure-None. Nature of business-Holding company. Trade classification: 38 Date of appointment of joint admin receivers: 0 February 1990
Name of person appointing the joint administrative receivers: Standard Chartered Bank

CCA COMPUTER GROUP PLC

R W Cork, J M Iredale Joint Administrative Receivers (Office holder nos. 1853 and 2109) of Cork Gully, Sheday House, 3 Noble Street, London EG2Y 7DQ.

# 2550,000 and assumed States' rienced by private house building. SWP Group lifted pre-tax backs in spending by fashion profits by 5 per cent for the six retailers, explained for David ments to December 31 1989. This USM-quoted group the process of the profits of the six retailers, explained for David Peacock, chairman. Canadian

Southwest also said the dis-posal of the Asperment Lake field in Texas to Merit Energy for \$3.4m had been completed. SIMON ENGINEERING, the engineering, contracting, equipment and industrial ser-Southwest's decision to write vices group, is buying Hipp Engineering, a privately-owned Canadian pulp and paper engi-neering design consultancy, for a maximum C\$16.5m (\$8.25m), down the value of its oil and gas interests by £11m will pro-ceed as planned.

### Alan Cooper rises 13% to £3.08m

a maximum Caliform (28.20m), writes Clare Pearson.

The purchase marks a further build-up of paper engineering interests in Canada and follows the acquisition, for an initial Caliform, of Toronto-based Dick Engineering last Alan Cooper Holdings increased pre-tax profits from \$2.73m to \$3.08m in 1989, which, in the words of Mr James Blyth Currie, chairman, proved to be another year of Hipp's unaudited pre-tax profit for the year to end-Janu-ary was C\$2.4m, after a man-agement fee of C\$1.5m, on sales of C\$21.2m. Payment of those significant progress for the

This 13 per cent advance at the designer and manufacturer of office furniture was achieved on turnover ahead 26 per cent to £13.11m (£10.41m). During the year a new range of colour laminate systems furni-ture was launched, the Altham factory was completed, and the company achieved registration of the UK's quality standard BS 5750 Part 2 on first applica-

The company said that softer ond half, due to high interest rates, were addressed with a strengthened sales and market-ing effort. Although net mar-gins had been affected, the company's remained among the highest in the industry.

Earnings rose to 19.09p (16.97p) per share and a final dividend of 4.9p (4.7p) is recommended, for a total of 7.7p (6.8p) for the year.

SWP bucks trend tional Group, will not be able to eliminate its final \$7m with 5% increase A.1m) in porrowings.

Sunlite was to have paid. In spite of the difficulties expe-

### TRANSPORT LINKS WITH THE CONTINENT The Financial Times proposes to publish this survey on:

5th April 1990 For a full editorial synopsis and advertisement details, please

NEVILLE WOODCOCK en 01-873 3365

> or write to him at: Number One Southwark Bridge London

**FINANCIAL TIMES** 

components for the construction industry, and supplies selected building products. Profit for the period came to 2561,000 (2534,000) although turnover fell to £4.93m (25.21m). Earnings were 1.58p

in 1974. But as Richard says: "As long as it made £200,000 a

year, the family was happy to leave it well alone." The appointment of Mr Hassell, a

marketing man, and the acqui-sition of its French distributor

has helped to double sales

Two of the division's three

high-margin companies have been acquired since Barrett's flotation — BNL, which makes

thermoplastic bearings, and Lurmark, which manufactures

spray nozzle tips, mainly for

sion, materials handling was created in 1988 with the acqui-sition of Park Pallett, which makes specialised carrying

systems for automated facto-

ries and warehouses. Two com-panies bought last May, OSS and ASS, make shelving, stor-age and handling systems for

Greenwood says all prospec-tive acquisitions are tested

against three "comfort crite-

◆ Geographic positioning — is the business in the right place?

Product — is it something Barrett is familiar with?

Ideally, an acquisition should pass on all counts, although two are snough in

In spite of Barrett's appetite

for acquisitions, Greenwood insists: "We are not a deal-

spent on the nitty-gritty run-

Skills – can we run it?

Barrett's most recent divi-

e in agriculture

retailers.

since 1984.

(1.35p).
Mr Robert Stickings, chairman, explained that the downturn in demand from the private sector was more than matched by increases from the industrial and commercial

Looking at the rest of the year, he said on the assump-tion that the existing substantial order books were called forward to production in accorance with historical patterns, the full year results should bet-ter last year's \$1.19m.

### Courtney Pope held to £1.87m midway

(£26.85m), reflecting the expansion of interests in high quality shopfitting, and generally satisfactory activity in engineer-ing and specialist contracting, and most of lighting

Earnings slipped to 9p (9.1p) but the interim dividend is mised to 3.75p (3.5p).

Mr Peacock said as for prospects for the full year, order books in most areas were holding up well, and he remained hopeful that trading would show a satisfactory advance.

### Greenwich Comms cuts loss to £636,500

Greenwich Communications. the USM-quoted cable televi-sion supplier, reduced losses from £663,500 to £636,500 for the year to August 31 1989.
At the operating level, the deficit was cut from £458,300 to

£358,000. There was, however, an exceptional charge of £76,600 this time, while interest payments took an increased Higher interest and harsher \$76,800 this time, while interest trading conditions held back payments took an increased Courtney Pope (Holdings) after \$214,100 (£179,400). Share of Courtney Pope (Holdings) after turnover rose 28 per cent in the half year to November 30 1989.

Pre-tax profit increased only marginally from £1.84m to £1.87m. Apart from interest charges, the major influences on the result were the need for greater provision against bad debts and a lack of profit in the specialised signs business; that

This advertisement is issued in compliance with a requirements of the Council of The Stock Exchange Application has been made to the Council of The Stock Exchange for up to 8,000,000 Cumulative Convertible Redeemable Preference shares to be admitted to the Official List

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up to 8,000,000 9.375 per cent (net) Cumulative vertible Redeemable Preference shares of £1 each at £1 per share

Share Capital Authorised Issued Ordinary shares of 15p-each 5,636,238 . 958,226 9.375 per cent (net) Comulative Convertible Redeemable Preference shares of £1 each

8,000,000 up to 8,000,000 Listing Particulars are available in the statistical service of Exnel Financial Services Limited. Copies of the Listing Particulars may be obtained during business hours (Saturdays excepted) up to and including 1st March, 1990 from the Company Announcements Office, The Stock Exchange, London EC2p 2BT and up to and including 13th March, 1990 from:

The Wyndham Group plc Wyndham House 9 St. Andrews Crescent Cardiff CF1 3DB

Laing & Cruickshank Broadwalk House 5 Appoid Street London EC2A 5DA

ROYAL BANK OF CANADA EUROPE LIMITED

27th Pebruary, 1990

### FT LAW REPORTS

# Council has no power to trade in interest rates

economical and convenient

method of achieving the same financial result as could have

been achieved by repayment

and replacement borrowing or agreement with a lender with-

Swap transactions for such a

purpose, were a novel method of achieving an unexceptional

end - regulating to best advantage the rate of interest

payable on an authority's indebtedness. Interest rate risk

management so described was

"incidental to or consequential on" an local authority's powers

of borrowing and investment, and to its duty to take reason, able care to manage its borrow-ings and investments pru-

The detailed code in Sched-ule 13 to the 1972 Act, respect-

ing the powers of local authori-

ties to borrow and lend, and

other statutory provisions regarding borrowing and lend-ing, were not inconsistent with their being able, in appropriate

circumstances to enter into

swap transactions as part of interest risk management.

That left the question as to where the line was drawn between interest rate risk man-

agement, which was permissi-ble, and trading which was

The important feature was the clear linkage between a swap transaction and a partic-ular debt, or investment — the purpose and commercial effect

of the swap transaction was to

substitute for a cash flow in respect of a debt or investment

If a swap transaction was by way of interest rate risk man-

agement, a local authority was empowered to enter into it; if it

was not by way of interest rate risk management but was by way of trading, the authority

All the swap transactions in

the present proceedings were capable of being lawfully

entered into by a local author-

ity in the exercise of its powers

under the 1972 Act, in the sense that there might be cir-cumstances in which they could lawfully be undertaken

by a local authority.

The court was satisfied that

all the transactions to which

the challenged items of account related up to July 1988, were tainted with the

improper purpose of trading.
That conclusion was based primarily on one clinching

fact, fatal to the inference that any of the transactions was entered into for a proper pur-

actions began, nor before July 1988, did the council make any

careful and detailed analysis of

future interest due or the losses which it might suffer.

There was no attempt to match

actual debts and investments with any of those transactions.

the documents if taken alone

suggested, or were consistent

with a proper purpose. In the absence of any evidence of law-

ful purpose from those primar-ily involved, in face of the

council's admission, and on

consideration of the evidence

as a whole, those references did not displace the clear

impression that the transac-

tions were entered into for the

With regard to the period from July 1988 to February 1989, the evidence justified the

assumptions that until July 1988 the council believed the

swaps were lawful, recognised that if they stopped altogether pending legal advice it stood to suffer losses, and followed an

interim strategy until the posi-tion was clarified.

of vires or illegality were neces-sarily and for all purposes

void. Legal policy must discountenance excesses of power

by statutory bodies, but it was

that "what's done is done" and

favour a rectification of the sit uation with minimum loss and

The council's purpose in

transactions after July 1988 was radically different from

what it had been before.

If a local authority had

unwittingly and in good faith

exceeded its powers, but with good reason was uncertain

whether or not it had done so, it had implied power for such period as it reasonably took to

resolve that uncertainty and to limit and reduce the loss which its earlier conduct might cause

ratepayers or community charge payers.

The appeal was dismissed.

For Midland Bank, Security
Pacific National Bank, Chemi-

cal Bank and Mitsubishi Finance International: Gordon

Pollock QC, Rhodri Davies and Alan Griffiths (Clifford Chance)

For Barclays Bank: Nicholas Chambers QC and Catharine Otton-Goulder (Linklaters &

For the auditor: John Howell

Rachel Davies

For the council; Anthony Scrivener QC and Catherine

(AA Child, Westminster)

Newman (Herbert Smith)

The law had eschewed a rigid doctrinaire principle that all transactions tainted by lack

purpose of trading.

A number of references in

was not so empowered.

a different cash flow.

out repayment.

HAZELL v HAMMERSMITH BOROUGH COUNCIL AND OTHERS Court of Appeal (The President Lord Justice Nicholls and Lord Justice Bingham): February 23 1990

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Two Sits on a

INTEREST RATE swap transactions by a local authority are unlawful if purely specula-tive; but they are legitimate if their purpose is to regulate to best advantage interest payable or due on specific debts or investments, or to rectify a sit-uation caused by the author-ity's unwittingly unlawful interest swap trading.

The Court of Appeal so held when dismissing an appeal by Midland Bank ple and others from a declaration made by the Divisional Court on the application of Mr Anthony John Hazell, auditor of the Hammersmith Borough Council, that interest rate swap transactions entered into by the council in 1987 and 1988 were unlawful.

THE PRESIDENT, giving the judgment of the court, said that a new market had grown up over the last decade, in interest swaps and other related transactions for lessening the risk caused by fluctuat-

ing interest rates.
If such transactions were not to be regarded as speculative trading they must be made, by one party at least, with clear reference to an underlying obli-

gation or asset, Hammersmith Council entered into its first interest rate swap deal in 1983. Its auditor declared that eight items in the accounts relating to interest rate swaps between April 1987 and July 1988 were con-

trary to law. In July 1988 he received counsels' opinions on the legal-ity of the transactions. They agreed that most of them, if entered into by a local authority, would be unlawful.

The opinions were drawn to the council's attention. It sought its own advice. That took some months, during which an interim strategy of containment and gradual extrication from the market was

On the auditor's application, the Divisional Court made a declaration that the relevant items of account for the firmincial years beginning April 1987 and April 1980 were contrary to law. It ordered that the

The order was not proposed by the council, but by banks which had entered into transactions with the council. They feared that if the items of account were declared contrary to law that might prejudice their right to enforce out-

standing contracts. The Divisional Court was of the opinion that between April 1987 and July 1988 the council was not engaged in "interest risk management," meaning transacting for legitimate, as opposed to speculative profitmaking, purposes, but in a trade designed to exploit the market with a view to profit.

With regard to the subsequent interim strategy period, it concluded that if interest risk management transactions were capable of being within the council's statutory powers, so must activities undertaken to minimise risks to which it was exposed by earlier transac-

The banks appealed.
The Local Government Act 1972 contained no express power enabling local authori-ties to enter into the types of transaction under challenge. Nor did it contain an express prohibition. That was not surprising since they were such a recent development.

The question was whether, despite the absence of express authorisation, local authorities were impliedly authorised by the Act to enter into such

The general approach to the question was well-established. In Attorney-General v Great Eastern Railway 5 App Cas 473,478 Lord Selborne LC said whatever might fairly be regarded as incidental to, or consequential upon, those things which the legislature

things which the legislature has authorised, ought not (unless expressly prohibited) to be held...to be ultra vires."

It was rightly accepted by the banks that local authorities were not empowered to trade in interest rate swans. In genin interest rate swaps. In gen-eral, they had no implied power to trade for profit.

The banks contended that nowadays when interest rates were highly volatile and local authorities were concerned to protect themselves against unfavourable movements and to take advantage of favoura-hle movements, it was proper for a local authority to repay an existing loan and substitute a replacement loan at different interest as its percention of interest as its perception of interest trends might dictate.

A swap transaction entered into by a local authority with reference to a particular debt for the purpose of varying the interest on that debt was an

### **Detention** centre for Humberside

UK DETENTION CONTRACTORS, a joint venture between Sir Robert McAlpine & Sons and John Mowlem & Co, has started work on the

Property Services Agency, to build the Everthorpe remand centre in Humberside.

Located on a 40 hectare site at Everthorpe, near Hull, the fully self-contained remand

centre with facilities for 306 inmates, will be contained within a 5.4 metre high perimeter wall of reinforced concrete

The complex will comprise two-storey house blocks; a recption building; a sports building administration units; an education building; a medical centre; a laundry and a

### £19m orders awarded to **Tarmac Construction**

A Co-op headquarters and an engine factory are among £19m worth of new projects won by TARMAC CONSTRUCTION. The film head offices are to be built for the Greater Nottinghem Co-operative Society and include retaining and incorporating part of a former warehouse on the site in Wollaton Street, Nottingham, as well as a new five-storey structure and

underground car parking.
A contract worth £3.1m has been awarded by Perkins Engines for the construction of an engine factory and offices at its works at Shrewsbury. Another building with associated siteworks and drainage,

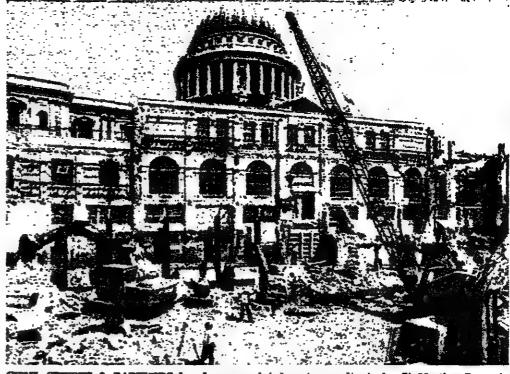
costing 53.2m, is to be erected on the Birmingham Business Park at Colshill Park, near Birmingham, for Arlington Busi-

hess Parks.

A Do-it-All store, costing \$1.8m, is to be built at Aldridge, West Midlands, for W.H. Smith and at Liverpool, a TSB building is to be fitted out at a cost of £1.8m. Roadwork, worth £1.8m, is to

be carried out on a section of the A2 in Kent for Kent County

The housing division has a \$2m contract from Birming-ham City Council to modernise flats on the Fire Estate, Castle Bromwich.



CONSTRUCTION CONTRACTS

CYBIL SWEETT & PARTNERS has been appointed cost consultants by St Martins Property Investments for the redevelopment (behind the partly retained brick facade) of Wren House, Carter Lane, which is immediately opposite St Paul's Cathedral in the City of London. The works are being carried out by the BPF system of procurement and are anticipated to cost 216m. The redevelopment will consist of 85,000 sq ft of office space with air conditioning. Completion is scheduled by Costain Construction for December.

### Local authority offices in Basingstoke

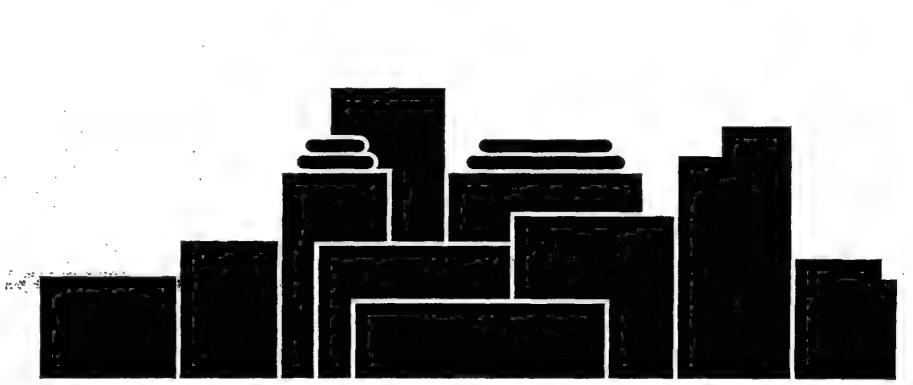
RUSH & TOMPKINS has II) at London Road, Basings-started work on the £4.3m toke, for Basingstoke and 36,000 sq ft civic offices (Phase Deane Borough Council. The ing civic offices, creating a pedestrian precinct.

### Water works in Kent

Horsham-based civil engineering specialist, REES HOUGH, has been awarded two contracts totalling £3.7m. In Kent, Southern Water has appointed the company as main contractor on a conversion and construction project in Tunbridge Wells. The project covers the conversion a number of settlement tanks to storm water tanks and building an anoxic tank and three 20 metre diameter final settlement tanks.

A contract has also been awarded by Burton Property Trust for work at the Luton Retail Park. Referring to specifications from Bedfordshire County Council and Luton Borough Council, Rees Hough is to carry out a series of major highway alterations. Two roundabouts are to be enlarged and provision is to be made for a 36 metre diameter roundabout. A single lane carriage way is to converted into a dual carriageway for a distance of 230 metres to allow greater access to the park

**FAIRCLOUGH BUILDING has** won a £7.7m contract for a new operating suite and sterile facilities at St Bartholomew's Hospital London. Essentially a large conversion scheme, the project is being carried out by the company's London and southern division at Surbiton.



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# Gold bullion prices drift \$4.75 lower in London

By Kenneth Gooding, Mining Correspondent

LIFE WENT out of the gold bullion market yesterday and the price drifted down steadily in London to close at \$411.25 a troy ounce, \$4.75 below Friday's closing level.

Analysis suggested that the

Analysts suggested that the precious metal's failure to continue its recent sharp rise, in spite of a spate of seemingly bullish news for gold, had left the markets in London and New York uncertain about

what might happen next. Speculators were disap-pointed about the continued failure of gold to break conclusively through the \$420 an ounce level, suggested one tradet. Heavy selling by producers, who seem to believe that gold will not go much higher in the medium term, was triggered when the price

By Kenneth Gooding

FOREIGN capital investment in gold projects in the Pacific Rim region could reach USS3bn

by 1995, Kleinwort Benson, the financial group, forecasts.

total non-communist world investment in new gold pro-jects in the period and "the

region will continue to attract

exploration activity and con-siderable foreign interest in the next decade."

The region, which includes such hig gold producers as Japan, Papua New Guines (PNG) and the Philippines,

This is about 20 per cent of

reached the \$420-\$425 range. One factor in yesterday's fall was a sharp rise in the US dollar during the weekend. Gold is denominated in dollars and a jump in the US currency usu-ally dampens demand for the

Some observers suggested that Tokyo traders sold gold to cover margin calls following yesterday's 4.5 per cent drop in equity prices in Japan — the second-biggest one-day fall.

Uncertainty about what would happen in equity and

would happen in equity and bond markets elsewhere con-tributed to nervousness in London, where gold traders saw very little business. The mar-ket also had to contend during the early part of yesterday with some option-related sell-ing which forced the price

Pacific mine investments rising

increased to 8 per cent by the end of the decade, Kleinworts

points out in a special report.

The Pacific Rim already con-

tains world-class deposits and its known gold reserves of 2,200 tonnes account for about 10 per cent of the western world total.

Kleinworts suggests PNG

has perhaps the greatest poten-tial as a gold producer in the region, although violence on Bougainville island and labour

unrest at another PNG copper-gold mine - Ok Tedi - have raised some doubts whether the potential will be realised.

down to \$409.40 an ounce in Zurich at one stage. Yet the spot options expiration was orderly in general, traders

reported.
"It's all a hit perturbing,"

"It's all a bit perturbing," admitted Mr Alan Baker, of Sharps Pixley, the bullion brokers. He asserted that the price fall was related to "a lack of interest; there has been no heavy selling of gold."

Ms Rhona O'Connell, precious metals analyst with Shearson Lehman Hutton, said: "The market is in Limbo: gold is taking a back seat. But it won't go much lower, because nobody in his right mind would go short at the moment.

"We might have a quiet cou-ple of weeks before the price moves, probably up, a little."

because of the closure of Bou-

gainville, which usually pro-

duces about 14 tonnes a year. However, Kleinworts says that with projects such as Mis-

ima (7.2 tonnes of gold a year when in full production), Lihir (24 tonnes) and Porgera (25

tonnes), PNG's gold production capability will by 1995 rise to

more than 100 tonnes a year.

+3,860 to 88,275

# African bush under the glare of arc lights

Bridget Bloom describes intensive horticulture in Zimbabwe to supply food for Europe

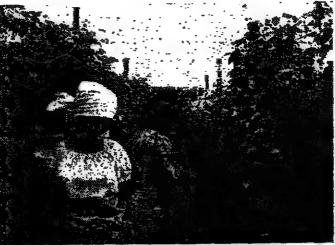
the road from Harare to
Marandera, several 100
ft iron towers rise out of the
Zimbabwe bush, for all the
world like watch-towers left over from the country's bitter civil war of a decade ago. Yet the purpose of these contraptions is peaceable: topped with arc lights, they are there to lengthen the daylight hours for acre upon acre of green runner

The beans - the long flat variety beloved of the English, rather than the smaller, more rounded French green bean -are a pioneer product for Zim-babwe, and probably for Africa. For the last couple of months, consignments have months, consignments have been leaving Harare on Zim-babwe and British Airways flights for Gatwick and Heath-row, to appear within a day or two on the shelves of Britain's higger Marks and Spencer food

For the Zimbabwe farmers involved, the beans are a wel-come diversification from their more traditional crops of tobacco and maize. The Zimbabwe Government is happy too with the employment and foreign exchange that the new crop provides. As for Marks and Spencer, the beans are a coup for the

company's efforts to keep ahead of its rivals in the food retailing business. "We were the only store in Britain offering our customers fresh runner beans at Christmas," Dr Tom Clayton, M and S's senior produce executive, boasted this Mr Jeff Perlman, a stocky

farmer with a shock of white hair and piercing blue eyes, started growing the beans two years ago, having begun to grow vegetables only three years earlier. In a different, years earner. In a universe, swash-buckling incarnation—fighting in Israel 40 years ago—he saved the life of one of the Sieff family, the founders



M & S claims its Zimbabwean runner beans were the only fresh supplies on sale in Britain at Christmas

of M and S. However, both he and the company insist that the incident afforded no more than a later introduction. As Mr Perlman relates, he

As Mr Ferman resease, me visited M and S headquarters in London in the early 1960s. "They said to me, 'what do you grow?" When I said to hacco, they said, 'we don't sell that. What about mange-tout peas?" I said I'd give it a try."

Last year, Mr Perlman, his partner Mr Peter Howson and nine neighbouring farmers who grow for them, produced an average of 40 tonnes of "exotic" vegetables a week. To name tout near have here mange-tout peas have been added sweet corn, sugar snap peas, green and white asparagus, baby courgettes and cherry tomatoes.

Runner beans are just the latest addition. However, plans exist to extend the list to include soft fruit such as strawberries and possibly temperate vegetables like leeks in each case, the aim is to fill a seasonal gap in markets which more temperate countries cannot supply.
While the local market harely exists, Hortico, the com-pany founded by Perlman and Howson, now exports not only to the UK but to other EC countries, Australia and South Africa. Turnover has risen from Z\$30,000 on start-up in late 1965 to Z\$4.2m (£1m) last year and a probable Z8sm-Z810m (£2m-£2.5m) this year. Mr Perlman is clearly delighted at his new enterprise. Although he still runs his traditional farming opera-tion on some 3,000 acres, Hortico and their farmer out-

growers - for the time being all white commercial farmers - have now about 1,500 acres under exotic crops. He reckons that altogether the operation employs more than 700 Zim-babweans, nearly 300 of them in the packing-house at peak

Mr Periman is quite clear that without Marks and Spen-cer and its input of technological and marketing expertise, his new horticultural enterprise would not have got off the ground. That is one reason why he (like many other growers for the British retailer) is prepared to put up with the tough conditions the company imposes on quality and — in the case of the runner beams on exclusivity of supply. This last condition is especially tough since wastage can be as high as 50 per cent of the crop.

There are natural advantages, however, in siting such an operation in Zimbabwe, As Mr Dermot Casaldy, Hortico's

technology manager, points out, Zimbabwe with its sub-tropical climate "is one gigantic greenhouse" where gigantic greenhouse" where continuous all-year round production is possible.

"But that also creates its own problems; in such an uncontrolled environment, conditions are ripe for the spread of pests and diseases our higgest challenge is to get our cultural practices right to minimise their effect." he adds.

minimise their affect," he adds.
Nor does it help, as Mr
Periman notes, that Zimbabwe
— which as Rhodesia before independence was for years ostracised by the world with economic sanctions — has no tradition of horticulture to speak of, and thus no research se in any of the crops sought in the now open markets of

Europe.
"Neither does it help us that we're in Africa," Mr Perlman adds wryly. "People seem to assume that Africa is inefficient, or somehow incapable of producing good wholesome produce. Yet snyone who's been here can see our farming

is good."
On the other hand, being in Africa does have notable advantages: despite wage increases since independence, labour is still cheap in Zimbabwe and (on tobacco farms like Mr Periman's) relatively skilled, while the country's industry is comparatively

sophisticated.
The aim now is to pack more on the farm (already the M and S ready-priced labels are attached to several packed

products) while Mr Perlman hopes to encourage African peasant farmers to become outgrowers. Recently, he took on two black science graduates to work as trainee tech-

nologists.
Out in the fields, the runner beans — dispatched in commercial quantities only in the mercial quantities only in the last two or three months—illustrate some of the cultivation problems that can arise. Mr Periman is not anxious to go into too much detail "in case the competition is listening." Yet as an example the greeners and company technolgrowers and company technologists between them hit upon the arc lights (they are like those which illuminate football stadiums and each covers as big an area) as a way of simulating the long summer evening which make the beans thrive in English vegetable

gardens. Another difficulty with heans cultivation has yet to be solved: Mr Dermot Cassidy solved: Mr Dermot Cassiny points out that pollination is hard, since African bees are smaller than European ones. "It isn't a question of importing EC bees," he says. "Bees just grow smaller here."

Zimbabwean farmers are in

no way unique in catering for the taste of sophisticated consumers thousands of miles away. In Africa, Kenya was an honourable pioneer in growing vegetables, including French beans, 15 years ago. Nor is the experience confined to Africa.

Theiland, with growing exports of baby corn, or Guatemala, now supplying Europe as well as the US, are possibly further advanced than the transfer. Zimbabwe along that particu-

lar road.
Yet for a country like Zimbabwe, which earns more than 40 per cent of its foreign exchange from agriculture, any diversification from traditional crops is welcome, especially if it also adds value and provides

### -4,850 to 83,250 -25 to 13,250 -436 to 6,414 -6,350 to 54,375 -136 to 9,696 Last year PNG's gold produc-tion dropped from 32.6 tonnes accounted for 5 per cent of the non-communist world's gold to an estimated 19 tonnes Mexican oil revenues up 24%

By Richard Johns in Mexico City

MEXICO's revenues from petroleum exports in 1989 amouted to \$7.28bn (£4.3bn), an increase of 24.3 per cent over the \$5.85bn recorded in 1988, as a result of the market's recovery, despite a decline in the volume sold.

Shipments dropped to 1.27m barrels a day compared with just over 1.30m b/d in 1988. The export "platform" set by the Government for Petroleos Mexicanos (Pemex) was not sus-tained last year, because of a and the inability of the state oil corporation to increase production.

An internal document produced by Pemex's planning department last year said that even with the belated largescale investment in exploration and development, it would be impossible for Mexico to remain an exporter by the year

It is possible that the report

depicted a worst-case scenario to persuade the Mexican Treasury to accord Pemex a more

favourable fiscal regime. Meanwhile, the newspaper El Financiero last week quoted a report by the Mexican Institute of Petroleum - which could not imediately be con-firmed - conveying the same bleak message.

The good news for the Minis-

try of finance as it struggles to cut the Government's budget-ary deficit is offset by dire warnings that Mexico because of lack of exploration and development expendituretogether with a failure to maintain resevoir pressures exporter by the year 2,000.

As it was, last year average per barrel revenues for Mexico's three main crude varieties or "cocktails" -Maya, Isthmus and Olmeca was \$15.06 against the \$10 very conservatively set in last year's budget. The projection for 1990 is \$13.

Partly as a result of the higher return from an improved market, Pemer's con-tribution to state revenues through direct and indirect taxation rose by 19.5 per cent from 24,632.5bn pesos (\$10.99bn at the exchange rate prevailing for 10 months of the year) to 29,417bn pesos (\$11.93 bn at the average rate for 1989).

According to the latest avail-able statistics from the Bank of Mexico – with figures for September and just preliminary estimates for October - the petroleum sector contributed 22.6 per cent of total Treasury revenue in the first 10 months of 1989.

Deep concern, though, hovers over the ability of Pemex to maintain its role as a main source of foreign exchange and state revenue because of the demands made upon it by the Ministry of Finance.

### Grain output to decline by 9% in Brazil this year

WORLD COMMODITIES PRICES

By John Barham in Sao Paulo

THE BRAZILIAN Government expects a 9 per cent drop in output of grain this year, with rice and soyabeans bearing the hrunt of the decline. The Ministry of Agriculture says farmers are likely to harvest only 65.04m tonnes of grains in 1990, compared with the TIAm. compared with the 71.4m-tonnes harvested last year.

The ministry forecast is based on field surveys in the centre and south of Brazil, the country's agricultural heartland. It expects a harvest of 21.05m tonnes of soyabeans in the region this year, compared with 23.2m tonnes in 1989, a decline of 9 per cent. Brazil is the world's second largest soyabean producer, with exports estimated at 15.1m tonnes last year. The rice harvest is set to suffer a 16 per cent decline in the south-central region, falling to 6.9m tonnes from 8.3m tonnes

also led to decreased yields. The soyabsen crop yield may fall 2 per cent, although rice yields could rise 1 per cent. However, a separate survey by the Brazilian Statistics Office expects a smaller decline in farm output this year, with production falling only 4.4 per cent to 68.5m tormes.

### US offers subsidised wheat to Moscow

By Nancy Dunne in Washington.

THE US Department of Agriculture, concerned about relatively weak world wheat prices, has issued a new offer to the Soviet Union for 1m tonnes of subsidised wheat. However, the Chicago futures markets had already in 1989.

The drop is blamed mainly on had weather, the rising cost of farm inputs and very high mominal interest rates, which is led by decreased violes.

Mr Jerry Zusel, an analyst with Ballour McLean in Chicago, said tight stocks result-ing from past droughts has pushed the US price higher than the world price for old wheat, but new supplies were likely to push prices down fur-ther to between \$3 and \$3.25 a

The 1989 UK harvest is now estimated at 22.5m tonnes, up 100,900 tonnes from the estimate made last October, the Ministry of Agriculture announced yesterday. The figure is based on the January 1990 farm-based Cernals Production. Survey in England and Wales and estimates for Scotland and Northern Ireland.

The BSDA said US wheat export prices had declined to below year-earlier levels because of rising stocks, a larger than anticipated Southern Hemisphere harvest and prospects for a large 1990-91 Northern Hamisphere

CTOD.

World wheat output in 1988-90 is up about 7 per cent from 1988-89, although consumption is expected to exceed production for the third year in succession. This could reduce year-end world stocks to their lowest levels since 1981-82. US ending stocks for 1989-90, forecast at 443m bushels, could sink to the lowest since 1974-75. area planted and a return to normal yields this year will probably allow stocks to

increase modestly.
While the winter wheat crop in the US Southern Plains was hit by dry weather last autumn and in the early winter, rain and relatively mild temperatures in January and February have boosted crop prospects.

### LONDON MARKETS COPPER prices railled on the London

Metal Exchange yesterday following Friday's setback, but finished below the day's highs. The cash position closed at £1,442 a tonne, up,£11 from Friday, while three months metal ained £7 to £1,431 a tonne. Weak equities hit copper values early on but then the market was boosted by news of a sharp fall in LME warehouse stocks last weak. An early advance on the New York market also helped to lift prices in London before they ran into stiff chart-based resistance. The three months lead price surrendered early nne but the cash price fell sharply marginal fall in LME stocks last week. advanced by £68 a tonne last week pecause of supply fears, ended £17.50 down yesterday at £497.50 a tonne.

Crude oli (per barrel POB)		+ or -
Dubal	\$16.45-6.502	
Brent Blend	\$16 35 0.45°	
W.T.L (1 pm est)	\$21.65-1.702	+0.05
Oil products		
(NWE prompt delivery per t	ome CIF)	+ 01-
Premium Gesoline	\$225-227	+2
Ges OII	172-173	+2
Heavy Fuel Qil	\$92-93	+212
Naphtha	\$165-187	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)	\$411.25	4.75
Sliver (per troy oz)	523c	-4
Platinum (per troy oz)	\$513.60	-8.9
Palladium (per troy 02)	\$133.0	-2.5
Aluminium (free market)	\$1495	+ 10
Copper (US Producer)	1205-31 <sub>2</sub> c	+ 10
Lead (US Producer)	43 bc	+ 15
Nickel (free market)	365c	+30
Tin (Kuala Lumpur market)		+ 0.35
Tin (New York)	292c	-3
Zinc (US Prime Western)	66 la c	~
Cattle (live weight)?	110.90p	+0.47
Sheep (dead weight)†	201.16p	-7.84*
Pigs (live weight)†	96.12p	+254
London daily sugar (raw)		-8.8
London daily sugar (white)		-1.5
Tate and Lyle export price	£321	-1
Barley (English feed)	\$111.5w	
Malze (US No. 3 yellow)	£127.5	
Wheat (US Dark Northern)	£127	
Could be desired	66.00	

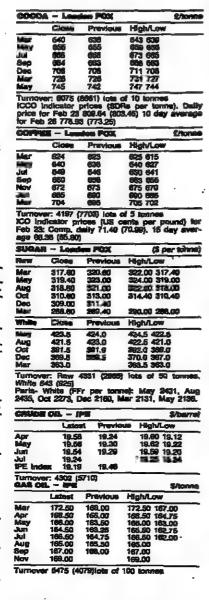
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THERE WERE 33,569 packages on other including 10,200 oftenore, reparts the Tea Brokers' Association. Coloury Assume met a fair enquiry at 5¢ to 8p below last rease but plainer sorts lost 10p to 15p per kilo. A limited selection of bright medium Africans remained steady but all others declined by 10p to 20p with plainest loss neglected. Brighter liquoring Ceylons were quite well supported although pricas eased by 5¢ to 10p. Plainer descriptions attracted little response. In the offehore suction Ciff tests met fair demand at easier rates. Quotations: quality 2006 12200. Impdum 1180 (127a)

	Clas		Previous	High/Low	AM Offic	Hel Kerb	ciope	Oper	Inter e
Alumin	dum, 59.7	% purity (	\$ per tomos)			Ri	ng turt	OVER S	175 tor
Cost	1494		1494-6	1407	1496-7	4000			
3 mont		-500	1497-8	1608/1465	1800-1	1500-3	_		
		(E per to		4 4 4 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	4444.0	, Pan	g surre	wer an	280 ton
Cash 3 mont	1441 the 1431		1430-2 1424-5	1442/14% 1441/1426		1440-1		_	
-	C per tone							over 5.	800 ton
Cash	496-		510-20	510	S09-11				
3 mont			431-2	438/431	433-4	421-2		-	
Mickel	(\$ per ton	(m)				Rte	ış birni	over 1,	224 ton
Cash	7775	-825	7750-800	7675/7810			-		
3 mont			7725-50	8000/7400	7925-75	7775-8	_	-	ME
	per tonne		manuf and	#30T/6376	\$380-400		ang na	SIGNAL .	275 ton
Cosh 3 mont	6325 hs 6460		6405-25 6830-50	6500/6470				_	
	_		S per turnel)			Pile	a fam	over 7.	575 ton
Cash	1447		1452-7	1440	1440-2				
3 mont	ns 1490	2	1437-40	1442/1425	1430-1	1433-4		-	
Zinc (S	per tonne	1)(1)				Rin	g turn	over 2,	175 ton
Cash	1445		1445-86	1449	1440-2				
Merch			1420-50		1415-20			•	
SPOT:	lesing \$/5 1.8960		months: 1.6%	5	I contin	13454			ne tier
POTAT	10ES I			<u> Channe</u>	LONDON M	DLLION MAI	11		
	Close	Previou			Gold (time oz	\$ price	9	-	Sec.
Apr May	186.9 219.5	189.0	193.5 186.5 223.6 219.0		Close	411-4117		K24-2	
Apr	145.0	140.0	140,0		Opening Morning fix	413-4131 <sub>2</sub> 412.75		43.152	15 Jr
TUMBY	or 219 (36	16) lots of	40 lonnes.		Alternoon for			H2.012	•
					Day's high	413-413-2			
	WAF			0	Day's low	42912-410			
-VT AL	Close	Previous		فيسطرج	Colns	\$ price	1	HEAT OF	úent
Арг	125.00	125.00	125.00		Maplelast	420-425	2	47 -2-2	0,5
Dec	125.00	129.00	728.00		Britarmia US Eagle	420-425 		47 b-25	
Turnov	er 61 jasj	lots of 20	Interes.		Angel	420-425 420-425		47 2-21 47 2-21	
					Kinggerman New Sox.	410 2-413 2	2	42-244	
		P100\$ - 001	FIE \$10/Inde		Old Say.	97-98 97-98		7-50 <sup>1</sup> 2 7-50 <sup>1</sup> 2	
	Close	Previous		w bost	Nobie Plat	519.55-527.9	10 3	05.95-3	10.80
Feb	1800	1500	1800 1597		Silver fix	piline oz	U	S che e	oulv
Mar	1654 1660 1385	1960 1960 1382	1655 1648 1653 1658		Spot	308.25		23.65	_
Apr Jul	1385	1382	1400 1305		3 months	319.85	6	34.50	
Oct	1495 1495	1495 1500	1492 1492		6 months 12 months	331.50 354.60		46.00 68.25	
9FT	1583	1501							
Turrow	s 594 (27	2		_	TRADED OF				
					Almahalam (3	9.7%) C	مالع	F	uts .
	5 - ME			Ericonne emports	Strike price t	tome Mar	May	Mor	May
11,137,3	Cicae	Previous	<del></del>		1400	. 100	115	1	16
			111.60 111.5	5	1500) 1600)	<b>32</b>	55 19	22 100	52 116
Wheat Mar	111.60	11170		_					uts
Wheat Mar May	111,60 114,75	111.70 114.70	114.75 114.3	5	Copper (Gran	- A	alle.		
Wheat Mar May Jun Sop	111,90 114,75 116,75	114.70 116.75 106.20	11476 1143	15	Copper (Grad		151	_	62
Wheat May May Jun Sep Nov	111,90 114,75 116,75 106,30 109,15	114,70 116,75 108,20 109,05	11478 1143	15	2300 2400	143	151 96	25 60	95
Mar May Jun Sop Nov	111.60 114.75 116.76 106.30 109.15 Close	114,70 116,75 108,20 108,05 Previous	114.78 114.5 High/Low		2900		151	25	
Wheat May May Jun Sep Nov	111,90 114,75 116,75 106,30 109,15	114,70 116,75 108,20 109,05	114.78 114.3 High/Low		2300 2400	143	151 96	25 60	95
Mar May Jun Sep Nov Barley Mar May Sep	111,80 114,75 116,75 108,30 109,15 Ciose 104,25 106,75 103,50	114.70 116.75 108.20 108.05 Previous 104.25	114.78 114.5 High/Low	is	2900 2400 2500 Coffee 600	143 80 28	151 96 56	25 60 117	95 153
Mar May Jun Sep Nov Barley Mar May Sep Nov	111,90 114,75 116,76 108,20 109,15 Close 104,25 108,75 103,50 106,90	114.70 116.75 106.20 108.05 Previous 104.25 103.65 106.90	114.78 114.3 High/Low 104.00 106.50 103.60		2900 2460 2500 Coffee 600 630	143 80 28 May	151 96 56 56 Jul 69 41	25 60 117 May 12 34	95 153 Jul 20 42
Wheat Mar May Jen Sop Nov Berley Mar May Sop Nov	111,80 114,75 116,76 108,30 109,15 Cices 104,25 108,75 108,50 106,90	114.70 116.75 106.20 108.05 Previous 104.25 103.65 106.90	194.75 194.3 High/Low 104.00 106.50 103.60 Battery 27 (Mr.)		2300 2400 2500 Collee 600 636 703	143 40 28 May 32 24 9	151 96 56 Jul 89 41 22	25 00 117 May 12 34 69	95 153 Jel 20 42 73
Wheat Mar May Jen Sop Nov Berley Mar May Sop Nov	111,80 114,75 116,76 108,30 109,15 Cices 104,25 108,75 108,50 106,90	114.70 116.75 108.29 108.05 Previous 104.25 103.65 106.90	194.75 194.3 High/Low 104.00 106.50 103.60 Battery 27 (Mr.)	=	2300) 2400; 2500) Colfue 600 436 703 Cocos	143 40 28 May 32 24 9	151 96 56 56 Jul 41: 22 Jul	25 60 117 May 12 34 60	95 153 Jul 20 42 73 Jul
Without May Jum Sop Nov Barley Mary Sep Nov Turnove Turnove	111,80 114,75 116,75 106,30 109,15 Close 104,25 106,75 103,50 106,90 IT: Wheat	114.70 116.75 106.28 108.05 Previous 104.25 103.65 105.90 47 (237), 109 tunna	114.78 114.3 High/Low 104.00 108.50 103.60 Bertey 27 (8q).	=	2300) 2400 2500) College 600 680 705 College 680	143 40 28 May 32 24 9 May	151 96 56 56 Jul 68 41 22 Jul	25 60 117 May 12 34 60 140y	Jul 20 Jul 0
Wheat Mar May Jen Sop Nov Berley Mar May Sop Nov	111.60 114.75 116.75 108.30 108.15 Cicae 104.25 108.75 108.75 108.90 Ir: Wheat ir lots of	114.70 116.75 106.29 108.05 Prévious 104.25 100.65 106.90 47 (237), 109 tomme	114.78 114.2 High/Low 104.00 105.50 103.50 Barley 27 (\$q.)	=	2300) 2400; 2500) Colfue 600 436 703 Cocos	143 40 28 May 32 24 9	151 96 56 56 Jul 41: 22 Jul	25 60 117 May 12 34 60	95 153 Jul 20 42 73 Jul
Wheel Mar Mary Jun Sep Nov Berley Mar Mar Mar Mar Turnove Turnove	111,90 114,75 116,75 708,30 708,15 Close 104,75 103,50 106,90 Fr. Wheat ir lots of	114.70 116.75 106.28 108.05 Previous 104.25 103.65 105.90 47 (237), 109 tunna	114.78 114.3 High/Low 104.00 105.50 103.60 Bertey 27 (\$q).	d) plag	2300 2400 2500 2500 600 600 600 600 600 650 700	143 80 28 May 52 24 9 May 60 25 8	151 96 56 56 Jul 69 41 22 Jul 76 42 28	25 60 117 12 34 60 140y 5 21 63	35 153 39 42 73 44 73 44 9 26 64
Without Mar May Jum Sep Nov Barley Mar May Turnove Turnove Peas —	111,90 114,75 116,75 108,30 108,15 Cicse 104,25 108,75 108,50 108,90 IT Wheat Ir lets of	114.70 116.75 106.29 106.05 Previous 104.25 103.65 105.90 47 (237), 109 tenned	114.78 114.3 High/Low 104.00 104.50 103.60 Bartoy 27 (84). 	d) plag	2300 2400 2400 2500 College 600 620 700 650 700 650 700	143 80 28 May 52 24 9 May 60 26 8	151 96 56 Jul 68 41: 22 Jul 76 42 28	25 60 117 12 34 60 1407 6 21 63	95 153 30 42 73 Jul 9 26 64 1Mey
Wheel Mar Mary Jun Sep Nov Berley Mar Mar Mar Mar Turnove Turnove	111,90 114,75 116,75 708,30 708,15 Close 104,75 103,50 106,90 Fr. Wheat ir lots of	114.70 116.75 106.29 108.05 Prévious 104.25 100.65 106.90 47 (237), 109 tomme	114.78 114.3 High/Low 104.00 105.50 103.60 Bertey 27 (\$q).	d) plag	2300 2400 2500 2500 600 600 600 600 600 650 700	143 80 28 May 52 24 9 May 60 25 8	151 96 56 56 Jul 69 41 22 Jul 76 42 28	25 60 117 12 34 60 140y 5 21 63	35 153 39 42 73 44 73 44 9 26 64

## 141.2   418.2   428.3   428.5   428	_		fork								_	ricaç			
Mar.   401.5   415.5   40.5   5   40.5   40	OLD					HEA					90Y		,000 bu min;	0001a/601b	bushel
## 401.1 416.3 0 0 May 5988 \$850 5700 8990 May 27.42 5778 5800 500 600 414 5894 5890 5778 5800 500 600 414 5894 5890 5890 5890 5890 5900 414 5894 5890 5890 5890 5890 414 5894 5890 5890 5890 5890 414 5894 5890 5890 5890 5890 5890 414 5890 5890 5890 5890 5890 5890 5890 5890	_										. —	Close.	Previous	High/Los	*
## # # # # # # # # # # # # # # # # # #														965/0	590/4
## 4227 4523 4223 4824 4824 4825 4441 4820 4715 5824 6824 4824 4825 4441 4820 4715 5824 6824 4824 4825 4441 4820 4715 5824 6824 4825 4441 4820 4715 5824 6824 4825 4441 4820 4715 5824 6824 6824 6824 6824 6825 6825 6825 6825 6825 6825 6825 6825				_											572/6
## 462.7 463.8 480.6 697.8 697			423.9												5844
More   Select   Sel	ود					Sep	6750	0670							588/C 587/4
### 64.53 ### 65.54 ### 65.55 ### 65.54 ### 65.55 ### 65.54 ### 65.55 ### 65							•				Nov				502/2
COORD   Province   High-Low   Coor															602/4
ATTRIBUTE 50 bory oct Sylvey oct.  AND 1005 1004 1007 1005 1005 1005 1005 1005 1005 1005						-					-				613/0
### GRADE CORPER 150.00 Be; contaction    Final State						CUC					80Y/	MEAN OF	- 80,000 lbe:	cents/its	
A						0.000						Close	Previous	High/Low	
Close   Previous HighLow   Add   S027   T067   T062   T065   T064   Close   T064   Close   T064   Close   T065   T065   T065   T066   T066   T065   T065   T066	W	NUM 5) 1	tray az S/b	roy oz.	<del>.</del>	- May					Mar			20.70	20.47
STATE   STAT	_					- Jul	1027	1947 .							20.63
Second   S	_														20.76
SSEA_1   SST_1   SSEA_2   SSEA_2   SSEA_2   SSEA_2   SSEA_2   SSEA_3   SS	r											20.67			20.70
SSEALS   S						May									20.35
SSL									ā						20.20
Close Previous High/Low   Cose Previous High/Low   Set 3 823.9 833.0 833.0 833.9 82.55 82.0 82.25 82.25 82.0 82.25 82.0 82.25 82.0 82.25 82.0 82.25 82.0 82.25 82.0 82.25 82.0 82.25 82.0 82.25 82.0 82.25 82.0 82.25 82.0 82.25 82.25 82.2 82.2 82.0 82.2 82.0 82.2 82.0 82.2 82.0 82.2 82.0 82.2 82.2		535.1	<b>550.</b> 1	0	0					_	-			20.40	20.25
Close											-			\$/ton	
### SACT STATE OF COMPANY CONTROL PROVIDED PROVI											1			High/Low	
Close   Previous   HightLow   Close   Previous   HightLow   Stat.   198.1	=					-	-	-	- 4.5		- julian				180.4
Close Previous High/Low  Close Previous High/L	U	6,000 to	को कर क्या	RAGOÀ CE		CON		1,5000E; C	anta/los		Jul				168.8
STAL   SSSA   SSS   SS		Close	Previous	High/Lo	w · ·		Close	Previou	e High/Le	TH'	Aug				167.8
\$18.1 \$28.0 \$28.0 \$27.0	_	514.7	623.B	0	0 .		91,42	91.55	92.50	9n 2n			173.5		170.1 172.3
\$21.0 82.2 \$72.0 \$71.5 \$77.5 \$		514.8	524.0	523.9	513.0		82.05	22.87	93,70					175.3	173.8
\$31.1 \$40.4 \$40.5 \$20.0										93.25					178,7
\$55.0 \$57.2 \$58.7 \$0 \$0 \$0 \$0 \$0.9 \$102.50 \$103.00 \$10											MAIR			179.3	178.0
## 102.55   101.00   102.00   103.00											-		min; centa/C	lertand diffi	-
\$85.3 \$77.3 \$70.0							102.25					Close	Previous	High/Lon	
STLE SSLE SOUR SOUR SOUR STLE SSLE SOUR SSLE SSLE SSLE SSLE SSLE SSLE SSLE SSL				_		Jul	102.00	123.50	103.00	103.00	Mar	245/0	245/6		
GRADE COPPER 25,000 bis; carris/fibs   SUGAR WORLD "T1" 112,000 bis; carris/fibs   Mar 250/2 254/6 255/0 258/4 256/2 256/6 255/0 258/4 256/0 255/0 258/4 256/0 255/0 258/4 256/0 2											-		253/2		245/0
GRADE COPPER 25,000 bs; carts/fbs   SUGAR WORLD "T1" 112,000 bs; certs/fbs   Sugar 25,000 bs; carts/fbs   SUGAR WORLD "T1" 112,000 bs; certs/fbs   Sugar 25,000 bs; carts/fbs   SUGAR WORLD "T1" 112,000 bs; certs/fbs   Sugar 25,000 bs; carts/fbs			9014		4444							257/2 ·		258/0	256/4
GRADES CORPER 25,000 bs; carta/fbs   SUGAR WORLD "11" 112,000 bs; carta/fbs   May 259/0 250/2											Dec	253/0			254/6
CRAMME COMPREM 25,000   Be; carde/fibe   Close   Previous   High/Low												259/0			252/2
Titule	10	RACE C	OPPER 25.	000 lbs: cs	nts/lbs	SUGA	IR WORK	D 6212 112	.000 her	min/Due			263/2	28288	258/2 281/2
115_80	_									_	WHEA	T 5,000 bu	min; contro	80th-June-	23112
119.08 110.50 110.50 10.	_											Close			
110.30 110.30 110.30 110.30 108.10 Cot 14.00 14.07 14.16 13.90 8.01 365/6 348/		117.4				May	14.48	14.58				396/2	394/0		
### 19.55 ### 19.50 ### 19									14.56	14.35			366/6		393/4
102.15 103.85 103.90 103.00 May 12.14 13.25 0 12.28 Dec 303/4 36/46 365/4 36/46 101.25 103.05 101.20 101.20 101.20 101.20 101.20 0 0 0 101.20 101.20 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0											Sec				345/2
101.25 109.05 109.00 100.79 0 0 0 100.79 0 0 0 100.79 0 0 0 100.79 0 0 0 0 100.79 0 0 0 0 100.79 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		103.15									Deo			353/2	351/4
### Close Previous High/Low   Close Previous				•		Jel	13.00		9		Mar	371/0	372/0	2712	383/4
Close							•				LIVE	ATTLE 40	000 the con	04 172	371/0
DE ORL (Light) 42,000 US galls Stbarrel  COTTON 50,000; cents/figs  Apr 75.27 76.15 76.25 76.25 76.25 76.25 70.27 68.9   Aug 89.95 70.12 70.27 76.15 76.25 76.25 70.1   Aug 89.95 70.12 70.27 76.15 76.25 76.1   Aug 89.95 70.12 70.27 70.25 70.27   72.87												Close			
COTTON 50,000; centarities											Apr				
Class		Off. Oliv	H6 42 NT 1	IS carle &	harral	COT					Jun	70.47			75.25
### 21.42 21.50 21.48   Mar 68.55 68.75 88.50   Re.40   To.50 72.67 72.50 72.57 72.50   To.50 72.67 73.00 72.67 72.57 72.50   To.50 72.67 73.00 72.67 72.57 72.50   To.50 72.67 73.00 72.67 72.57 72.50 72.67 72.67 73.00 72.67 72.57 72.50 72.67 72.67 72.60 72.67 72.67 72.60 72.67 72.67 72.60 72.67 72.67 72.60 72.67 72.67 72.60 72.67 72.67 72.60 72.67 72.67 72.60 72.67 72.6						50116					Aug Oct		70.12		70.15
#1.77 21.42 21.50 21.48 Mar 68.55 68.75 68.95 68.40 Feb 72.80 73.00 72.67 72.6		_								•				72.57	72.15
21.65 21.47 21.80 21.85 Aug 70.69 70.69 70.69 70.69 70.69 21.67 21.21 21.73 21.25 Oct 68.41 96.58 96.50 96.33 Close Previous High/Low 21.41 20.45 Aug 81.45 20.85 Aug 81.85 54.60 84.91 86.11 86.20 96.35 Aug 81.85 54.85 54.80 96.35 Aug 81.85 54.15 54.15 54.15 54.15 54.15 54.15 54.15 54.16 54.30 96.25 21.41 20.82 21.43 20.85 Aug 81.85 54.15 54.15 54.15 54.16 54.30 96.25 21.44 20.82 21.45 20.85 Aug 81.85 54.16 54.20 96.35 Aug 81.85 54.15 54.16 54.30 96.25 Oct 47.10 47.20 47										98.40	Feb	72.80	73.00	~~~	72.72
21.42 20.87 21.47 20.80 Dev 84.91 85.11 80.20 84.00 Apr 48.72 48.15 49.77 49.21 49.14 20.82 21.41 20.85 Mar 65.60 86.80 86.80 86.80 B6.80											LIVE #	0G8 30 ~	0.75	(2.85)	72.80
21.41 20.82 21.48 20.86 21.48 20.86 21.49 21.49		21.57	21.21	21.73	21.25	Oct	86.41	96.58				Clare		26	
21.41 20.82 21.48 20.86 21.48 20.86 21.49 20.85 21.49				21,67	20.90		64.91	65.11	65.20	54.92	A			High/Low	
21.49 20.82 21.48 20.86 21.49 21.49											Jun				49 20
21.41 20.82 21.45 20.85  CRANGE JUICE 15.000 Re; centarities  CRANGE JUICE 15.000 Re; centarities  Close Previous High/Low Apr 47.20 47.20 47.55 47.20 47.20 47.55 47.20 47.20 47.55 47.20 47.20 47.55 47.20		21.49	30.62		20.86					90.40	Jul			54.80	54.32
CRES					20.85						Aug	51.85			54.00
Ciose						0000		45.00-					47. ta		51.75
Close	C	43				CHARGE STATE			conts/lbs				47.40		46.90 47.25
Feb 28   Feb 28   mith ago yr ago   May 190.35   190.30	, E	RS (Bes	: Septemb	er 18 1951	~ 100)			Previous	High/Low		Apr	45.90	40.00	47.90	47.75
167.00 16	_										PORK (	ELLES A	0.000		45.00
JONNES (Base: Dec. 31 1974 = 10g)										190.10		Close	-1V IDS; OB	UPLIP	
JONES (Base: Dec. St 1974 = 100)	_					Sep	183.50				Mer			High/Low	
Feb 23 Feb 22 Imms 820 of 100 180.25 178.50 178.00 Jul 85.45 56.82 56.95 68.05 181.29 121.45 127.50 187.14 May 176.50 180.25 0 0 Feb 57.75 57.80 58.15 68.25	J		ese: Dec. 3	1974 -	TAU)	Nov	179.45	153.00	181.50	178.00	May		54.25		62.75
151.29 131.46 127.60 137.14 May 176.50 180.25 0 0 Feb 57.75 57.80 58.05		Feb 23	Feb 22		AL MOS	Jan Jan			178.50	178.00	ابيل	85,45	55.82	55.35	54.10
se 102.42 132.65 200.47 138.60 Jul 176.60 180.25 8 0 Mar co co 57.75 57.80 54.15 83.25	_	_	131.45						_			53.67			54.95
													57.8p		63,25
0 0	35								-	•	cornell.	40.00	58.00		57,40

89.29 79.87 127.4 49.15 (8/2/88) (20/2/80) (9/1/35) (3/1/75)

99.59 89.20 105.4 50,53 (15/3/89) (23/2/90) (25/11/47) (3/1/75)

2643.7 1782.8 2463.7 986.9 (3/1/90) (3/1/89) (3/1/90) (23/7/84)

Gift Edged Bargains 72.3 5-Day average 81.8

Besin 100 Govt. Secs 15/10/25, Fixed Int. 1925, Ordinary 1/7/35, Gold mines 12/9/55, Besin 100 FT-SE 100 31/12/53, & Nil 10,33

GILT EDGED ACTIVITY

"SE Activity 1974, TExcluding intra-market business & Consume terrorier, Calculation of the FT indices of daily Equity Bargains and Equity Value and of the Review, was everages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 55 available on request. London report and latest Share Index: Tel. 1985 123001.

## LONDON STOCK EXCHANGE

# London refuses to follow Tokyo

THE UK stock market yesterday staged an impressive recovery after falling in early trading to the Footsis 2,200 area, which again groved to be a buying platform for domestic investor. investors. Trading volume gave little cause for celebration, but the net gain on the day of 12.6 Footsie points repre-sented a turnround of nearly 52 points over the course of the

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12.23 -9 21 12.23 -9 21

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1276 July 25, 1885.

Investors appeared to be weighing domestic investment factors against the trend of other world markets and bought UK equities as they began to look, "attractive against cash, for the first time this year," according to Mr

	st Peeling	Dates
That Declare: Feb 12	Feb 28	N=+ 13
Coppen Declaral Feb 22	Mar &	Mar 32
Feb 23	Mer 6	Nev 25
Ascend Day: Mar 5	Mar 19	Apr 2
Tierr time quali	rice may lab	pints been

John Reynolds, equity strategist at County Natwest, the UK investment banking house.

Against the backcloth of a new setback of 1,588 points in the Nikkei Average in Tokyo, London opened sharply down. The estimated loss of around 39 points ahead of the official opening part the UK market. opening put the UK market

only just above FT-SE 2,200, and nervous selling dried up as traders waited to see whether this well-signposted support level would hold fast after last week's slide in equitics.

A few institutional buying orders were more than enough to squeeze trading positions in equities and, in particular, in the Footsie futures market, where the current contract where the current contract moved to a 19 point premium and led the stock market

The equity rally was encouraged by gains in UK banking shares as last week's profits statements were absorbed and London moved into plus terri-tory as traders began to hope for similar recoveries in New York and Tokyo. With Wall Street 20.94 ahead in early trad-ing, London closed at its best of the day, a net 12.6 points up

Equity specialists commented that at pesterday's low
point. UK stocks were offering
a potential dividend yield of
around 5 per cent which,
together with the predicted
year-end Footsis target of 2,600
still held by several leading
firms, indicates a total potential return for the year of
around 20 per cent — a challengs to current returns of just
over 15 per cent on cash. over 15 per cent on cash.

The speed of the recovery brought some doubts as to how

118p, rose to 128p before clos-ing % lower at 138p rd on busy turnover of 3.6m shares. Mar-ketmakers reported US buying

baving bottomed at 63p.
Calor remained under pressure from the sell note issued last week and dipped 5 to 314p.
British Gas performed credit

ably, dealers said, adding 3%

at 187p, were prominent although turnover in both was well down on usual levels. South West Water edged up 2 to 190p after Norwich Union revealed a 5.11 per cent stake to the company.

in the company, Hammerson "A" dropped 23

to 700p on a turnover of just 229,000 shares. "It look's worse than it actually is." said one dealer, who explained that 10

or 15 movements in Hammer-

adding that marketmakers had

stock on their backs. Another explanation for the decline was provided by UBS Phillips and Draw, which turned cautious on the stock because of the structure of Hammerson's port-

folio. There was also talk of a hadly executed sell order and suggestions of downgradings to

heep it on the defensive.
Food manufacturing and retailing shares put in a good performance as investors invoured their defensive qualities. Unilever reversed an early 9 loss to end 6 higher at 6250, as sterling's recent rally against the D Mark appeared to run out of steam. News of a 243m acquisition of a Mexican food manufacturer had little impact in the market, although one analyst pointed out: "Last

one analyst pointed out: "Last year Unilever made acquisi-

keep it on the defensive.

far it can be sustained, particu-larly in view of the modest trading volumes. Sean volume was slow to develop yesterday and even after increasing sig-nificantly when Wall Street opened, turned in a total of only 337m shares for the aes-sion, against 472.6m on Friday. The market was helped by optimism ahead of the

Octionry Store

Ord. Olv. Yield Earning Yid %(full) P/E Ratio(Net)(2)

Ordinary Share Index, Ho

PT-SE, Hourly changes

11.67 10.38

11,57 10.47

ages Day's High 1776.4

28,380 22,480 845,31 833,45 27,441 23,311 407.8 385.9

Open 10 s.m. 11 s.m. 12 p.m. 1 p.m. 1764.8 1766.9 1768.9 1768.9 1768.9 1778.2

 Open
 10 a.m.
 11 a.m.
 12 p.m.
 1 p.m.
 229.5
 229.5
 229.2
 2 p.m.
 229.2
 2 p.m.
 2240.2
 2246.4

11.72

announcement tomorrow of the UK trade figures for January. However, any prolonged recovery in equities is likely to hinge on an improvement in world bond markets. London's bond/equity reverse yield gap remains at 6 per cent, and this is expected to restrain recovery in share prices.

ing received support at the interest.

Another giant advertising spency, WPP, is reporting figures on March 8 and was affected by the nervousness surrounding Saatchi and Saatchi WPP slid 8 to 635p,

Saks Fifth Avenue, the two US department store chains which it is preparing to sell by auction, helped RAT Industries

detailed negotiations with any parties, however. Prospectuses for the sale of the two US stores only went out this month and the short-lists of potential buyers is unlikely to A stock shortage coupled with modest institutional buy-ing helped the water shares move ahead. Anglian, up 3 at 180p, and Yorkahire, 5 firmer be drawn up before early March EAT stded 3 at 784p. ICI recovered well after last week's cantions response to the company's latest quarterly results. The shares climbed 15 to 1050p on solid turnover of

> lower with the market but turned to close a penny up 235p as the company reported full year figures above market

last time.

Mr Angus Blair at Kitcat & Althen forecast profits of 2160m in 1990 and 2175m in

Weekend press tips helped BET add 3 to 238p on turnover of 2m shares, A Nomura profits upgrading was said to have helped BTE gain 7 to 404p on

ing recaived support at the 105p chart point. But analysts said Asda was trapped in a range of 105 to around 115p, with investors willing sellers at the higher levels,

Renewed publicity for interest expressed by General Cincoma in Marshall Fleid's and Sake Fifth Avenue, the two US

BAT has dismissed any sug-gestion that it has reached

Lom shares, Williams Holdings opened

expectations.
Profits for the year to Decamber 1989 rose by 32 per cent to £153.5m, against £116m

1991 and said that "restructuring benefits in the industrial division will be seen this year which should counter dullness

in the consumer division."

| States Change | Day's | Volume Change | Color | Notice timings | Color | Price change | Color | Colo

trade of 1.7m shares. Traders still believe the company intends to create a US vehicle similar to its successful Australian subsidiary BTR Nylex.
Bargain hunters lifted British Aerospace, the shares adding 5 to 492n. There was also good support for Hawker Siddeley and the shares firmed 8 to 618p but it was a squeeze that helped IMI edge 3 forward to 210n.

S. G. Warburg was reported to have been pushing British Steel and the shares hardened

2 to 135.

Body Shop fall steeply as national newspapers publicised stories circulating in the market last week which suggested that the European Commission intended to tighten controls on the sales of cosmetics that have not been tested on ani-

to a 1976 European Community directive being drafted in Brusinterested in buying a 25 per-cent in ICL, STC's computer sels would not require any increase in animal testing, rumo after the market closed. Body Shop fell 42 to 475p. Further consideration of last week's announcement of cut-

backs and shop closures at Glasgow-based retailer A. Gold-berg left the shares another 17 lower at 61p. Sentiment was not helped by a report in a trade magazine saying that talks on the sale of the remainby Charterhall had stalled.

STC closed little changed at 262p on 1.6m ahead of the preliminary results expected today. There has been persistent talk that Northern Tele-

com is about to sell its 27.5 per cent stake in STC as well as

mals. News that amendments

FINANCIAL TIMES STOCK INDICES

11.89 10.18

25,172 22,978 25,424 778,68 817,40 1024,85 24,517 23,135 28,905 359,7 354,2 458,4

Day's High 2349.4 Day's Low 2208.4

TRADING VOLUME IN MAJOR STOCKS

Feb Feb Feb Year 1989/90 22 21 20 Apo High Low

11.13 10.88

Day's Low 1744.5

subsidiary, STC announced yesterday it had won the contract to supply BSB's Squarial satellite receiving dish. British Telecom rose 4 to 298p on turnover of 5.7m. The building contractors

hints that Sun Microsystems is

were among the few sectors in the market to have attracted buyers from the outset, with County NatWest still enthusiastic about the sector. In the leaders Tarmac were 3 ahead at 220p. Barratt the same amount firmer at 180p and Cos-tain 6 better at 276p. Other Market statistics. including the FT-Actuaries

share index, London Traded Options, and recent issues (including the water issue ntocks) Page 31

42: 85: 52:20 US\$1.40

# Income funds buy **Barclays**

Barclays Bank, the last of the "big-four" high street banks to report full-year results - they are scheduled for Thursday -staged a strong and sustained recovery as income funds chased the stock in expectation of a rise in the dividend payout.
After opening lower and slip-

Arter opening lower and alip-ping back to 547p in line with the general market slide, the shares steadled and began to edge forward as buying inter-est from the income funds uncovered a number of short positions in the market. A subsequent squeeze saw the share price advance strongly for the rest of the session to close a net 16 firmer at 566p, easily the day's best level.
The sharp rise in the share

price and the relatively light turnover emphasised the stock shortage; turnover came out at 1.3m, well down on usual levels of business in the shares. Forecasts of Barclays full-

year profits very considerably. UBS Phillips & Drew expects pre-tax profits of £315m, compared with last year's £1.29 hm and a dividend total of 26.3p, compared with 23p. Houre Gov-ett goes for pre-tax profits of £820m, and County for £1.08 bn. The bank is expected to increase its provision against LDC debt from 50 per cent to around 70 per cent.

# Vickers pleases

Full-year results from Vick-ers, which opened the report-ing season for Isading engi-neering companies with profits shead of market expectations, helped make the shares a firm of their 1989-90 high of 191p market. were within Striking distance of their 1989-90 high of 191p and 5 up at 181p. TSS rose 3 to The shares closed 10 up at

206p as the company reported a 20 per cent increase in profits to £83.8m (£69.8m) with the biggest boosts to profits coming from trading cash flows and bank interest payments.
Mr Pete Deighton at County
NatWest said: "These are good

figures and the underlying trading conditions in key areas are still strong. I expect a sig-nificant increase in car profits this year and I think defence profits will also improve due to the inclusion of Ross Catheral, acquired in in October 1989. County is predicting 1990 profits of 292m, and £102.5m for

Shortly after the release of the results, it was announced that IEP Securities, controlled by Sir Ron Brierley, the New Zealand businessman, had increased its stake in Vickers from 17.5 per cent to 18.21 per

Analysis ruled out the pros-pect of a bid from IEP, regard-ing an overseas purchaser as unlikely because of Vickers' defence interests, and the fact that the Rolls-Royce car marque would have to revert to its original holder in the event of a hid for Vickers. One analyst said: "Quite clearly he [Brierley] is boxed in. All he can do is keep on buying and then pass his stake on."

#### **Boots** neglected

Boots was one of the few FT-SE 100 stocks to show unabated weakness in steady volume through the day.

The cause, according to marketmakers, was a profits downgrading from analysts at UBS Phillips & Drew. Mr Charles Nichols at UBS trimmed his forecast for the current year from \$342m to \$338m and cut next year's figure from 2395m to £265m.
He cited as reasons for his

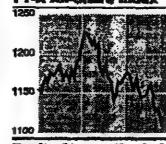
caution, three problems, all relating to last year's acquisition of Ward White. First, debt was high; second, the margins at Payless, the out-of-town D-I-Y chain, had seemed higher in the accounts than they really were as a result of some unrepeatable gains, such as in property, and third, that the high street D-I-Y chain AG Stanley was having a difficult

worst of the day at 263p still a net ducline of 3. The bank stocks were buoyed by a flurry of buying and bear closing. Abbey National continued to perform well in front of tomorrow's prewell in from of tangerows pre-liminary figures which Mr John Wriglesworth of UBS Phillips & Drew, a long-time bull of the shares, expects to come out at 2480m. He is looking for a dividend votal of 8.5p. At the close Abbey shares

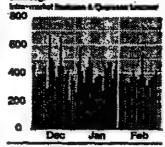
Boots closed above the 258p

ad, on good turnover of 7.2m while NatWest, where turnover was 6.1m, added 7% to 360p xd. Midland, upset by switching midiand, upset by switching from the shares into other clearers, struggled but managed to end the session in positive territory, edging up ¼ to 350p, rd, having been as low as 338p early on. Standard Chartered were 7 up at 575p, after 560p, after suggestions that

# FT-A All-Share Index



**Equity Shares Traded** Turnover by volume (million)



Lloyds might be about to place their 4.9 per cent stake in the bank, a legacy of the unsuc-cestal takeover bid made in the early-1980s. Hambros highlighted the

merchant banks, moving ahead late to close 5 firmer at 311p on persistent stories that a hid for the group could well emerge. Baltica, the Danish financial services group, recently built up a 15 per cent stake in Ham-bros and there have been hints that a consortium, including Banque Indosuez, is looking for eventual control of the UK merchant bank. Dealers marked the compos-

the insurers sharply lower at the outset, wary of the impact on sentiment of the latest bout of bad weather in the UK. The preliminary reporting season gets underway tomorrow with figures from Commercial Union and General Accident. No selling pressure emerged, however, and the composites closed with gains on the sea-

cioed with gams on the session Commercial Union, 487p, General Accident, 1123p and Sun Alliance, 311p, were all 3 higher, while Royal Insurance added 10 at 506p.

Santchi and Santchi had an erratic day, falling steeply at the outset on press comment that followed last week's sharp fall in the share price, and profit warning, and then recovering with the wider market. ering with the wider market. The shares touched a low of

## **NEW HIGHS AND LOWS FOR 1989/90**

MEN HOME (11).
SHITISH FUNDS (1) CORPORATION LOAMS
(1) CAMADAMS (1) SHITISH (1) THURS
ELECTICALS (1) SHOUSTIGALS (1) THURS
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JEW LOWS (2005).

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# tions in personal products. Perhaps 1990 will be the year of food manufacturing." Unilever's final results are due this morning, and full year profits of 21.7thm are expected, against 11.45th last time. Cadbury Schweppes was held back on speculation that General Cinema had following news that it had asked for sale prospectuses for Marshall Fields and Sales Fifth Avenue, which are being sold by BAT. General Cinema holds a 16.9 per cent stake in Cadbury's,

per cent stake in Cadbury's, which closed unchanged at \$169. Cadbury's final results are out tomorrow and profits of \$250m are expected, against \$215m last time, though some analysis have suggested that a recent strong trading performance could push them up to Asda added 5% to 109p hav-

# APPOINTMENTS

# Chairman designate at Wellman

At WELLMAN Mr G.N. Hey has been appointed deputy chairman. He will succeed the current chairman, Dr A. Frankel, who is to retire at the end of the annual meeting

Ms Diane Soltmann has been made managing director of ROYLE COMMUNICATIONS, part of the W.R. Group. She joins from the Communications Group where she was a director.

■ Mr Barry Lyn has been appointed joint managing director of THE SECRETARY.

TRENTHAM, the construction arm of Egerton Trust, has appointed the following directors: Mr Ray following directors: Mr Ray
Crabbe is promoted from
divisional surveyor and in his
new role will additionally be
responsible for the tendering
and buying departments; Mr
Chris Field is promoted from
divisional manager; Miss Carol
Gourlay is managing director
of Egerton Trust subsidiary
Maybourne Partnerships and
Mr Graham Shennan is
promoted from divisional promoted from divisional manager. Mr Rosban Verghese, managing director of Egerton Property Ventures, becomes a director with special

responsibility for introducing financial packages for development clients. Mr Tony Reeves and Mr Don Mitchell have retired from the board. Mr Mel Ballock has been

appointed a member of general management at STANDARD CHARTERED as head of trade finance. Mr Tony Manger has also become a member of general management as bead of international banking. In addition to his cross-border lending responsibilities, he will take over Mr Balloch's former responsibilities for LDC



THIELMANN (UK) has appointed Mr Nigel Rdwards (pictured) as its managing director. He will head Teka, the Spanish-owned company's

A new executive committee has been formed for INSPECTORATE-OIS,
Brompton Holdings' principal
operating subsidiary.
The committee will be
chaired by Mr Paul Bristol,

chief executive of Brompton
Holdings. Mr Bill Hamilton
is made deputy chairman. Mr
Malcohn Russell is appointed
managing director, Mr Mike
Zanre becomes finance director and Mr John Evans has been made director, international

At VINTEN GROUP MIT David Metcalf, of Greeene & Greene, will join the board on March 1 as a non-executive director. He has been associated with Vinten as a legal adviser for the past 15

and marketing.

M Mr Ray Barnett, formerly sales manager of THE VOUCHER BANK, has been promoted to general manager of the Redditch-based company's operations. His brief is to develop the bank's activities in the business-to-business sector with an expanding range of voucher services.

In a move that brings

together its UK activities, INSTTUFORM GROUP has appointed Dr Dec Downey as general manager-UK operations. His duties include responsibility for Insituform Permaline, Insituform UK operation at Milton, Oxfordshire. Technical Services and IGL's investment in Insituform Linings.

Dr John Gumbel has been appointed managing director of insitutorm Technical Services, He joined IGL in June 1989 to manage the company's European distributor operations.



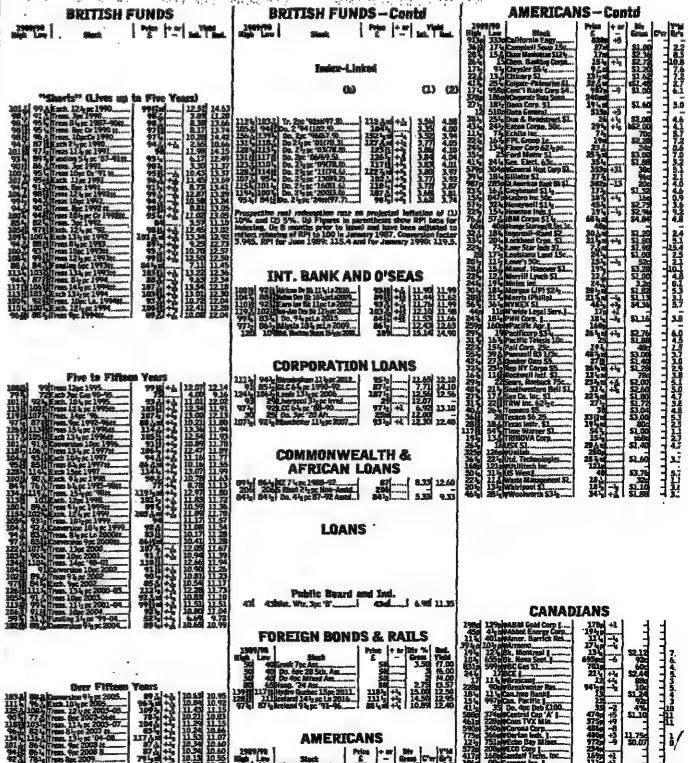
m PERRY GROUP, the multi-franchise motor dealer, has appointed Mr Keith Hartrick (pictured) as managing director of its northern division. He was previously regional director at Caffyns.

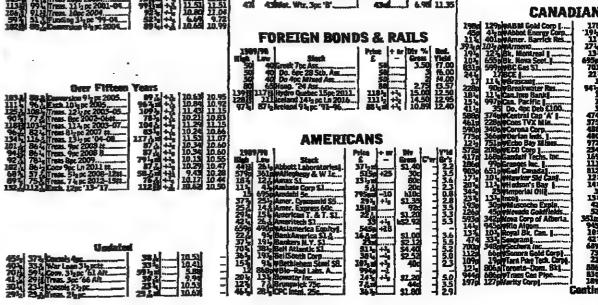
M Mrs Hibry Steedman will become secretary of the NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH on June 1 in succession to Mr Kit Jones.

appointed non-executive chairman of business forms and computer symplies company, STANDARD CONTINUOUS.

Mr Don Tankey has been

# LONDON SHARE SERVICE





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# CURRENCIES, MONEY AND CAPITAL MARKETS

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LONDON (LIFFE)

FINANCIAL FUTURES AND OPTIONS

#### **FOREIGN EXCHANGES**

# Yen remains under pressure

CENTRAL BANKS continued to intervene as the Japanese yen suffered from another wave of selling on the foreign wave of selling on the foreign exchanges yesterday. The weakness of the Tokyo equity market again plagued the yen, but active support from the Bank of Japan and later from the US Federal Reserve pulled the currency off the day's lows.

The dollar opened at Y147.50 in Tokyo and even at that

in Tokyo and even at that stage there were unconfirmed reports that the Reserve Bank of Australia had acted on behalf of the Bank of Japan to buy the yen in Sydney. Inter-vention by the Japanese cen-tral bank was seen in early Tokyo trading at around Y147.45, and this continued throughout the day, but failed to prevent the dollar rising above Y149.00 for the first time since last June.

A fall of 4.5 per cent in the value of Japanese equities undermined confidence in the yen, although the central bank eventually managed to drag the dollar down to Y148.65 at the close. Dealers estimated the scale of intervention by the Bank of Japan was at least \$20n, the largest support for the yen since the middle of May last year.

Pressure remained on the yen later in Europe and in New York, bringing the US Federal

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Feb.26	Lutest	Previous Close
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STERLING INDEX

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**CURRENCY RATES** 

Feb.25	Back rata %	Special* Drawing Rights	Europeas y Corrency Unit.
Austrian Sch. Belgian Frenz Dentsche Harit. Belt. Guilder Hert. Guilder Frenzb Frenz Japanuse Yun Norwdy Krom Santsk Paeda Saedish Krom Greek Orach Jerk Paeda Leish Paeda	19 to	1.28997 1.38534 15.660h 46.3137 8.5521h 2.22388 2.50427 7.52437 1644.15 144.084 8.57337 1644.15 143.255 8.07291 1.195410 210.223 0.837468	1.39448 1.21438 1.45483 1.45483 1.45483 1.45483 1.45483 1.20514 4.20514 4.50744 1.514 1.51590 7.41623 1.77729 193.208 0.770498
a Corling name	el im fores	e mi SDR medi	FCII per 6

CURRENCY	MOVE	MENTS
Feb.26	Busic of England Index	Morgan Guaranty Changes %
Sterling U.S. Doilze Canadian Dollar Austrian Schilling Belgian Franc Dentsch Krone Dentsch Mark Seriss Franc Gebider Franc Lira	90.1 67.6 101.7 109.6 110.0 169.5 116.5 109.8 114.3 100.5 125.3	-21.3 -10.8 -11.8 -3.2 +3.7 +3.7 +16.3 -12.5 +56.8
Morane Gearants	changes à	versoe 1980-

1982 = 100. Bank of England Index (Base Armage 1985 = 100)\*\*Rates are forfeb.23.

Feb. 26	UINE
Australia	Feb. 26
17,00°   69,29°   69,29°   69,20°   69,20°   69,20°   69,70°   695,10   697,70°   695,10   697,70°   695,10   697,70°   695,10   697,70°   695,10   697,70°   695,10   697,70°   697,70°   695,10   697,70°	Argentina Asstratia Brazil Brazil Greece Hong Kong Iral KoreaSchi Kuwaht Luncesbourg Malaysia Hentoo N. Zaaland Saud Ar
Singapore 3 16.15 - 3.1685   1.8630 - 1.8650   1.8650 - 1.8650   4.3265 - 4.3375   2.5650 - 2.5466   5.4670   5.4670 - 6.1300   3.5460 - 3.6100   4.480 - 44.50   2.615 - 2.650   4.480 - 44.50   2.615 - 2.650   4.480 - 4.450   3.6720 - 3.6730	S. Af (Cm) S. Af (Fn) Taiwan

**MONEY MARKETS** 

THERE WAS little change in

London interest rates yester-day. Sterling suffered some

profit taking, but lack of fresh factors kept the money market quiet. The market does not

foresee any problems for the pound in the near future and

regards a rise in UK bank base rates as unlikely but, equally, does not expect the domestic

situation to justify a cut in rates until the second half of

the year. Three-month sterling

UK clearing bank base lending rate 15 per cent from October 5

interbank was unchanged at

15%-15% per cent and 12-month

money was steady at 15%-15%

Day-to-day credit conditions remained very tight in London. The Bank of England initially

The Bank of England initially forecast a shortage of £1,050m, but revised this to £1,000m at noon, and to £1,100m in the afternoon. Total help of

London rates steady

Reserve into the market to sell dollars at around Y148.85. At the close in London the dollar had advanced to Y148.80 from Y146.95 on Friday. The US cur-rency also climbed to DM1.6900 from DM1.6780; to SFr1.4865 from SFr1.4770; and to FFr5.7200 from FFr5.6825. According to the Bank of England the dollar's index rose to 67.6 from 67.1. Apart from the weakness of the yen, and continued fears about the

impact on the D-Mark of possi-ble German monetary union, there were no other important factors to move the dollar.

A period of festival celebrations are disrupting West German markets this week, and could be encouraging profit taking in the D-Mark, according to traders. The D-Mark lost ground against most currencies, apart from the yen and cies, apart from the yen and sterling and will be vulnerable to the political situation in Europe at least until the East

German general election on March 18. The D-Mark improved to

Y88.05 from Y87.55 against the weak yen, but weakened against the French franc and Italian lira. In Paris the D-Mark touched a five-mouth low against the franc, and at the property of the part of the part of the part of the weather the weather the part of th the London close the West German unit had fallen to DM3.3845 from DM3.3865. The D-Mark also declined to L739.05 from L739.55, as the lira stayed at the top of the European Monetary System.

Monetary System.

Sterling eased back against European currencies, after its recent advance, but there were no specific factors. The pound also fell against a strong dollar, losing 1.60 cents to \$1.6830. It eased to DM2.8600 from DM2.8675; to SFr2.5175 from SFr2.5250; and to FFr2.6850. SFr2.5250; and to FFr9.6850 from FFr9.7125, but rose to 7252.00 from Y251.25. On Bank of England figures sterling's index fell 0.1 to 90.1.

Feb 2	Short term	7 Days. police	Cae Month	Three Months	Six Months	One Year
Serling	81-84 124-124 85-84 9-84 104-104 104-104 104-104 104-10 104-10	81-81 21-121 81-81 9-81 78-78 101-101 101-101 101-101	15-14# 82-82 128-82 81-88 81-78 101-101 101-101 101-101 101-101 101-101 101-101 101-101 101-101 101-101 101-101	151-154 81-81-124-121-124-121-181-181-181-181-181-181-181-181-181	154-154 84-84 125-94 94-94 94-94 94-94 94-94 114-113 104-105 104-105 104-125 124-125 84-84	15+15& 88-83 12+12+3 91-91 91-91 11-116 11-104 11-104 11-104 11-104 11-104 11-104 11-104 11-104
Long ten Dars 91 <sub>6</sub> -91 <sub>6</sub>	n Eurodollars, two ye per cent dominal. S	ers 9 ), -8 ½ per ce cort, term ridge, and	eculi for US Doi	쇼-9쇼 per cent; Tars and Japan	four years 94-4 se Yea; others, (	i's per cest; fire top days' Aptica.
POU	ND SPOT	FORW!	ARD AC	AINST	THE P	CUND
Feb.26	Day's spread	Clopa	Com the	1 P.	Three	P.A.
\$ sada	1.6925 - 1.7010 2.0250 - 2.0365	1.6925 - 1.693 2.0260 - 2.027		2cm   1.51	2.77-2.7 0.95-0.8	

EURO-CURRENCY INTEREST RATES

FUU	HD STOIL		-			
Feb.26	Day's spread	Clops	Ome Coastle	* 1	Three appaths	* 1
US Counts Counts Counts Relgiam Dennari Ireland Ireland Ireland Spain Ireland Irelan	99.45-99.80 10.97%-11.02% 10.97%-11.02% 10.95%-2.85% 28.66%-252.25 183.40-184.35 2113%-2120 11.00%-11.03% 251%-6.77 10.32%-10.39% 251%-253 20.09-20.20 2.50%-2.52%-2.52%	1.6925 - 1.6935 2.0240 - 2.1270 2.0240 - 2.1270 2.955 - 3945 1.073 - 10.983 1.073 - 10.983 1.073 - 10.983 1.034 - 12.370 2.14 - 2115 11.004 - 11.013 2.514 - 2.524 2.514 -	0.91-0.95-per 0.29-0.22-per 1.5-1.5-per 1.5-1.5-per 2.5-2.5-per 2.5-2.5-per 1.5-1.5-per 1.	157733855507777334011346 1577345777777345777554577777777777777777	2.77-2.74spa 0.95-0.85spa 14-4-5-pa 7-1-1-5-pa 0.82-0.72pa 10-1-5-56 11-1-5-56 11-1-5-56 11-1-5-56 11-1-5-56 11-1-5-56 11-1-5-56 11-1-56 11-56 11-	2.86 -2.09 0.21 1.89 3.41 4.13 0.07 7.54 5.16 3.76

			•			
DOLL	ar spot	FORWAR	D AGAIN	IST '	THE DOL	LAR
Fab.27	Day's spread	Clase	One month :	* 1	TAre mostle,	% P.L
Ukt	16925 - 1,7000 1,5720 - 1,5760 1,1930 - 1,1945 1,8950 - 1,9035 55,65 - 28,25 4,474 - 6,49 1,6835 - 1,6905 1,6835 - 1,6905 1,6835 - 1,6905 1,6835 - 1,6905 1,6845 - 1,6905 1,6845 - 1,6905 1,6845 - 1,6905 1,6845 - 1,6905 1,6845 - 6,504 1,6945 - 6,12	1,6895 - 1,6905 148.35 - 148.45 108.40 - 108.50 13484 - 1,2494 6.504 - 6.504 5,714 - 3,724 6.10 - 6,104	0.91-0.99cpm 0.45-0.40cpm 0.45-0.40cpm 0.06-0.08cdt 4.00-4.50cdt 1.90-2.10creds 0.04-0.62cpm 88-98cdts 50-34cdts 1.50-5.50treds 1.40-1.65creds 0.98-1.63cdts 1.35-3.50creds	男は現在2012年12日 12日本のでする。 12日本のでする。 12日本のでする。 12日本のでする。 12日本のでする。 12日本のできる 12日本のできる 12日本の	2.77-2.74pm 1.52-1.42pm 1.40-1.45ds 0.27-0.30ds 11.00-20.00ds 6.10-6.60ds 0.04-0.07ds 310-330ds 157-176ds 129-15-50ds 4.85-5.25ds 9,90-10-25ds	4.77 -0.60 -1.99 -2.13 -4.53 -4.53 -4.54 -2.40 -4.60
Japan Austria Seitzerland EQU	148.35 - 148.95 11.864 - 11.891 <sub>2</sub> 1.4765 - 1.4870 1.2110 - 1.2140	148.75 - 148.85 11.884 - 11.894 1.4860 - 1.4870 1.2110 - 1.2120	0.19-0.17ypm 0.40pm-parpm 0.07-0.09cdis 0.25-0.24cpm	0.20 0.65 2.03	0.37-0.34pat 0.10pm-1.40dis 0.24-0.29dis 0.85-0.82pm	0.95 -0.22 -0.72 -2.76

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EMS EUROPEAN CURRENCY UNIT RATES											
	Ecu centrali cates	Currency appropriate against Ecu Feb.26	% change from ceytral rate	% change adjusted for divergesco	Divergence (limit %						
Beiglas Franz. Danish Kraze German D-Mark French Franz. Dasch Gelider	42.1679 7.79845 2.04446 6.85684 2.30358	42,6339 7,86373 2,04684 6,92744 2,30514	+111 +0.84 +0.12 +1.03 +0.07	4544 88 88 88 88 88 88 88 88 88 88 88 88 8	±1.5508 ±1.6453 ±1.1762 ±1.3618 ±1.5272						

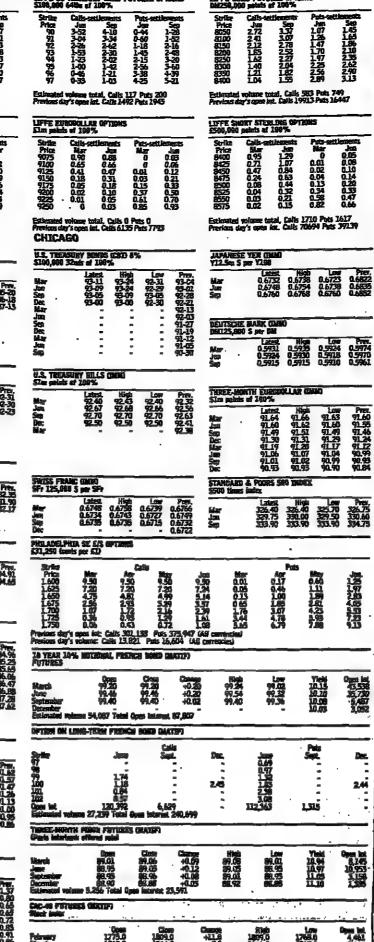
Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

EXCHANGE CROSS RATES										
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F Fr. 8 Ft.	1.033 0.397	1.748 0.672	2.953 1.136	260.2 100.1	10. 3.846	2.600	3.325 1.279	2184 840.0	2.093 0.805	61.5
H FT. Lifea	0.311 0.473	0.526 0.800	0.888 1.352	78.26 119.1	3.008 4.579	0.782 1.191	1.522	656.8 1000.	0.630 0.958	18.5 28.1
GS B Fr.	0.493 1.678	0.835 2.841	1.411	124.3 422.8	4.778 16.25	1.242	1.589 5.403	1043 3549	3,401	29.4 100

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BASE LENDING RATES

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om By If East	15		15	base rate. 6 Demand deposit.	770.
		Hat Bir of Konsit	בו	Mortgage 15.2% - 15.95%	

COMPAGNIE BANCAIRE

Société Anonyme Incorporated in France with limited liability. Regd. Office: 5 avenue Kläber, Paris 16 ams.

NOTICE OF ORDINARY AND EXTRAORDINARY GENERAL MEETING

The shareholders of Compagnie Sensaire are invited to attend the Ordinary and Extraordinary General Meeting to be held on Monday, 19th March, 1990 at 5.00 p.m. at the Head Office, 5 avenue Kléber, Paris 16 ème, to consider the following Agends:

The Report of the Board of Management on the current activities and position of the Company, on changes in the Company's constitution, and on the renewal of authorisations to be currities.

The Report of the Auditors.

- The comments of the Supervisory Board. - The approval of the accounts for 1989 and appropriation of

The nomination of a Censor.

- The renewal of the appointment of a Censor.

The authorisation to the Board of Management to issue bonds up to a maximum outstanding amount of F.fr 90 billion. The authorisation of the Board of Management to buy and sell shares of the Company on the stock exchange in order to regulate their price.

The constitutional changes required by the law of 2nd August, 1989 on the liberalisation of the financial merkets.

The authorisation of the Board of Management to increase the share capital by 3.5 billion francs by the issue of shares or other transferable securities.

Any other business.

In order to attend or be represented at the Meeting, owners of registered shares must have been entered on the register five clear days prior to the Meeting. Holders of bearer shares must deposit at least five clear days prior to the Meeting at the Head Office, the cartificate of deposit, issued by the bank, financial institution or stockbroker with whom the shares are lodged.

Postal votes must be received at the Head Office of the Company on the appropriate form six days in advance of the meeting.

Shareholders who wish to attend the Meeting are requested to make advance application to the Company for an admission card.

make advance application to the Company for an admission card.

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# **INDUSTRY AND** THE ENVIRONMENT

The Financial Times proposes to publish this survey on:

16th March 1990

For a full editorial synopsis and advertisement details, please contact:

> Alison Barnard on 61-873 4148

or write to her at:

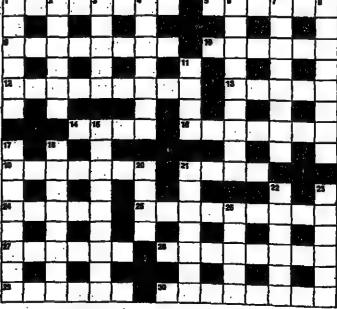
Number One Southwark Bridge London SEI 9HL

**FINANCIAL TIMES** 

**JOTTER PAD** 

## CROSSWORD

No.7.175 Set by GRIFFIN



7 But oil spreads into article needing washing (8) 8 Politician with key to enter trade organisation inter-fered (8) **ACROSS** 1 Absolutely shaking the liar said why (8) Result of a crash course? (6) Turn it on aunt, I'm changfered (8)

fered (8)

11 Middle-aged man goes over the border (4)

15 Exam questions on second book (9)

17 Tall smokers (8)

18 Ring Woolworth's first when Victor is without grain-separator (8)

20 Rule no man will stand for (4) ing an element (8)
10 So all members get married after a race? (6)

12 Alienated journalist consumes rum (9)
13 Fibre maker is removing tar

from table (5)

14 Rebukes for returning box

16 I heard "Rambling Rose" could displease viewers (7) 19 Device for keeping locks in

place (7) and 24 Ancient city manor is rebuilt by some stars (4,5) 25 Surplus to requirements and turned off (9)

27 Cover up injured wren and pop back (6) 28 Skill needed in race at sea if

it goes astern (8) 29 Hit skinhead on threewheeler (6) About half have little time and watch part (8)

1 Here a girl's belt goes on top (6) 2 Knowing Stuart, half scotled

about it (6) Volunteers to embrace some girl (5)
4 Having breather outside love Elizabeth's chair (7) Colliers get unwell in hat

ill-will (6)
23 Fix model soldiers in some way (6) 26 One contraption is internally sound (5) Solution to Puzzle No.7,174

21 Subject to work experience

(7) 22 Man in charge harbouring



#### £1,001m was provided. An early round of assistance was offered and at that time the authorities bought £150m bills, including £67m outright, by way of £5m bank bills in band I at 14% per cent and 562m bank bills in band 2 at at 14% per cent. Another £83m bills were purchased for resale to the market on March 12, at a rate of 142 per cent.

Before bunch a further £146m bills were purchased outright, via £63m bank bills in band 1 at 14% per cent and £83m bank bills in band 2 at 14% per cent. In the afternoon £420m bills were bought outright, through £265m bank bills in band 1 at 14% per cent and £155m bank bills in band 2 at 14% per cent. Late assistance of around £285m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,246m, with the unwinding of bill repurchase agreements absorbing £285m and bank balances below target £35m.

These outweighed a fall in the note circulation adding £520m to liquidity.
In Frankfurt call money rose

to 7.80 from 7.075 per cent. Bank holidays in some West German states this week caused the Bundesbank to offer a securities repurchase agreement tender yesterday. The two-tranche tender for 34-day and 62-day money, at variable bid rates, replaces two variable bid rates, replaces two earlier facilities totalling DM26.9bn expiring on

In Paris the Bank of France left its money market intervention rate at 10 per cent and the five to 10-day repurchase pact rate at 10% per cent when injecting funds into the banking system, via a

FT LONDON INTERBANK FIXING (1,1.00 a.m. Feb.26) 3 months (IS dollars offer 81, offer 82 The fixing rates are the artifemetic means rounded to the search one-shateenth, of the bid and offered rates for \$10m quoted to the market by five reference leaves at \$11.00 a.m. each working day. The burks are National Westmissier Santr, Santr of Tokyo, Deutsche Bank, Banque Mational de Paris and Morgan Guaranth Trust.

**MONEY RATES** 

EW YORK		Treasury Bills and Bonds								
unchtime) we nis iter loan rate funds at loterwation	10 1	re worth we mostle bree worth Ix worth we year we year		7.75 Four) 7.93 Fivey 8.08 Seven 8.11 10-ye		8.49 8.46 8.54				
Feb.26	Chernight.	One Month	Two Months	Three Months	Six Months	Logistard Intervestion				
skiurt	7.75-7.85 104-104 84-85 8.40-8-9 64-63 124-13 9-90 11-114	7.40-7.55 107-107 81-91 870-8.78 71-77 131-131 101-101 111-111	7.90-8.05	8.20-8.35 104-104 91-93 8.90-9.00 73-73 134-134 164-104 125-124	8,65-8.80 - - - 12å-12 <u>%</u>	8.00 10.00				
L	OND	ON MC	NEY	RATE	S					
Feb 26	Overalgh	7 days	One Month	Three Months	Six Months	One Year				
erbank Offer	1512	141	154	154	157	151,				

LONDON MONEY RATES									
Feb 26	Ortraight	7 days notice	One Month	Times Months	Six Months	One Year			
rbank Offer rbank Bid Iling CDs. Il Authority Deps, Il Authority Bonds, Oust Mic Deps, Oust Mic Deps, Oust Mic Deps, Inc House Deposits Sury Bills (Buy) Trade Bills (Buy) Fr CDs. Linked Dep, Offer Linked Dep, Offer Linked Dep, Differ Linked Dep, Bild Linked Dep, Bild Linked Dep, Bild	15½ 14½ 14½ 25½	14H 14H 14H 14H	11414 - 45 000 00 00 00 00 00 00 00 00 00 00 00 0	15-4-4-4-15-15-15-15-15-15-15-15-15-15-15-15-15-	151515 - 1515 - 15150 9 1111 141515 - 15151 - 15150 9 1111	1517 1518 1518 1518 1518 1518 1518 1518			

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# AMEX COMPOSITE PRICES

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# Blue chips make solid advances in thin volume

THE PLUNGE in the Tokyo stock market was shrugged off by US shares yesterday with blue chips leading the rest of the market higher, writes Janet Bush in New York.

The Dow Jones Industrial Average of blue chip issues closed 38.29 points higher at 2,602.48 but the rally came in anaemic volume of only 149m shares. The Dow had closed 10.58 points lower on Friday at 2,564.19.

not matched by the broad mar-ket. Among other US indices, the American Stock Exchange Composite index was quoted 0.74 point lower at 350.36 and the Nasdaq Composite of over-the-counter issues was quoted 1.43 point higher at

420.55.

Wall Street was helped by the fact that European stock markets appear to have disengaged themselves from the gloomy news coming out of Tokyo. The Nikkei plunged 1,569.10 points, or 4.5 per cent overnight, the second largest points loss in a day, but stocks in Europe were only modestly

The buying of US blue chips yesterday has also to be seen in the context of last week's string of daily losses as the US market responded to the new fragility in the Japanese stock market. Last week, the Dow

By William Cochrane

NTERNATIONAL markets put together the weakness of the yen and the low

level of Japanese interest rates last week, and considered their

implications for the Tokyo

equity market.
The result was a severe cor-

rection, the fall of 7.6 per cent

in Japan outpacing declines in other markets and helping the FT-Actuaries World Index lose

4.8 per cent on aggregate.
Tokyo ended the week in

nervous condition, but some points have to be made in miti-gation of last week's fall and the 12.9 per cent decline in

start of the year:

the declines come after two

years in which share prices

rose by 65 per cent, on the FT-

 they have come in low volume, with domestic institu-tions on the sidelines while

they wait to close their books

in this restricted environment, falls have been exacer

bated by the effects of arbi-

and Japan is still a growth

The rest of the world went through its own period of reappraisal Austria again pro-

vided an exception, with Lon-don brokers Carnegie Interna-

tional calculating that up to \$450m could come into the

Vienna market from existing

and planned country funds in the next few months.

Elsewhere, the picture come

in varying shades of grey to leave Europe down 3.7 per cent on the week and Belgium, France, West Germany, the Netherlands and the UK all

with above-average declines.

Mr Guy Rigden, European
equity strategist at USS

Phillips & Drew, thinks that investors' horizons have short-

NATIONAL AND

trage and programme trading;

at the end of March

lost more than 70 points and there is clearly an argument for some bargain hunting to

There was a positive back-ground for US stocks yesterday with a strong dollar and mod-est gains in the Treasury bond market as well as lower gold

The US Federal Reserve continued to help out the Bank of Japan which is struggling to support the yen. The Fed was reported to have sold dollars when it was trading at around 1148 at

In late trading, the Treasury's benchmark long bond was quoted % point higher to yield 8.48 per cent.

Traders said that the US market's resilience partly reflected the fact that inflation concerns in the US are not as pronounced as in Japan and have probably been at least partially discounted by the US

Last week, Mr Alan Green-span, chairman of the US Fed-eral Reserve, moved to allay fears about inflation, telling the Senate Banking Committee that price pressures could start

Among featured stocks yes-terday was Caterpillar which jumped \$1% to \$59% after an analyst at Smith Barney Harris Upham placed the stock on his recommended list and advised

his clients to buy. He forecast that Caterpillar's shares would rise to \$64 or \$65

Japan in foreground of a

-4.49 -1.82

Sweden — -2.34 -7.15 +14.17 Switzerland — -3.43 -0.25 +17.57 UK — -3.83 -4.20 +7.62

-1.75

-7.59

-1.85

-0.88

and on February 23 1990. Copyright

ened in time. "The UK and Spain were already short term, but the others are moving that

He says that where investors

were once able to look at the

big picture, now they can see only a short way ahead - and

what they see is painful.

Profit forecasts for 1990 are being pared back; and markets

are looking at big rights issue programmes in both West Ger-many and France. Yesterday

rights issue that the Paris stock exchange has ever seen:

the FFr10.5bn capital increase from Union des Assurances de Paris, the insurer, of which

FFr6.57bn (£677m) will come

MONDAY FEBRUARY 26 1090

-2.12 .

worldwide study in grey

Italy ...... Netherlands .....

South Africa ....

WORLD NIDEX

XTRA Corp jumped \$5% to

\$30 after the company's board said that it had decided to

solicit takeover bids and bad authorised Goldman Sachs to

explore potential offers.
Single-country mutual funds
were generally weak yesterday
amid signs that the huge rally
earlier this year has begun to

New Germany Fund slipped \$% to \$17%, Malaysia Fund dropped \$1% to \$16% and Korea Fund fell \$% to \$26%.

INVESTORS in Toronto saw

stock prices recover from ear-

lier losses to close mixed, despite a large drop in gold

The composite index, down

more than 20 points for most of the day, rallied in the last hour

to close down just 3.10 to 3,649.49. Declining issues fin-

C\$252.3m, down from Friday's 23.8m shares valued at C\$228.1m.

+22.76 +142.82 +45.21 +37.79 +46.04 -10.41 -7.91 -14.14 -17.97 -12.42 +1.77 +32.83 +0.78 -2.92 +2.89

+22.76 +142.62 +45.21 +57.79 +46.04 -10.41 -7.91 -14.14 -17.37 -12.42 +1.77 +32.63 +0.78 -2.32 +2.69 +0.83 -4.76 +9.11 +5.82 +12.15 -5.45 +14.51 -10.00 -13.55 -8.38 -1.00 +37.32 +0.91 -4.02 +1.73 -3.92 +19.82 +2.37 -1.81 +4.28 -4.45 +7.811 -5.65 -9.03 -3.59 -2.96 +7.03 -8.74 -12.94 -7.73 +8.52 +35.14 +14.77 +10.43 +77.04 -2.98 -1.83 -8.77 -12.84 -7.62

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Germany.

-4.73 -19.69

-1.77

+2.42

-- 14.52 -- 13.39

+10.57

- 1.57

Above all, the pundits are

expecting increases in interest rates. Mr Brian Knox of Kleinwort Benson observes that Ger-

many's neighbours share its

interest rate sensitivity, with-out enjoying the counterval-ing influences such as strong domestic cash flow, the pros-

pect of good corporate performance and of a crash invest-

ment programme for East

However, Mr Knox has a soft spot for the Netherlands, which is "already on a below average rating," and Switzer-

land, where the opening of reg-istered stock to foreigners by

Ciba-Geigy, the chemicals

group, may bring some interest back into a weary market.

-7.62 -5.64 +0.98

+0.97

-14.77 +4.11 -10.69

+8.55

-9.40 -8.20

+17.19

-3.34 +3.52 +33.14 +14.77 +10.43 -3.20 -2.98 -1.93 -8.77 -12.84 -2.34 -7.15 +14.17 -6.60 -10.40 -3.43 -0.25 +17.57 -3.30 -4.72 -3.83 -4.20 +7.62 -7.56 -7.56 -7.56 -7.56 -3.74 -3.37 +13.13 -3.32 -8.14

-9.78 -2.10

-5.86

+29.72

+4.79

+12.17

~5.98 +3.98

-7.74

+5.29

-0.68 -0.18

+5.64 +48.08

-4.57 +41.98

Canada

MARKETS IN PERSPECTIVE

# Programme trades slice 4.5% off Nikkei

#### Tokyo

TOKYO SUFFERED its second biggest loss in history, with in the next six months and to the Nikkei average plummeting 1,569.10 points, or 4.5 per cent, to 33,321.87, as programme trading once again took a heavy toll, writes Michigo Nakamoto in Tokyo. \$85 within two years. Tiffany's fell \$% to \$34%. Japanese consumers are reported to account for a large proportion of the luxury store's sales and there is concern that weakness in the Japanese stock market may lead to a retrenchment among this kind

ASIA PACIFIC

By the close, the index had recovered slightly from an ear-lier fall of more than 2,400 points, or 6.9 per cent, which had pulled the Nikkei down to its lowest level for seven months. Yesterday's collapse came in very thin trading, with volume up from 445m shares

on Friday to 457m.

A weaker yen, falling bond prices and bouts of arbitrage selling dragged share prices sharply lower in early trading, with the Nikkel index down lmost 500 points in the first 15 minutes. The index remained under pressure and was more than 1,400 lower by the half-

oxy close.

In the afternoon, the Nikkel dropped a further 1,000 points in one hour, with selling led by individual investors and speci-

Moderate buying in the last hour, however, helped the Nik-kei recover about 800 of those points by the close.

The Nikkel moved from a

positions were said to be hit-ting the market with waves of selling before the close of the Nikkei index futures March contract on March 8. The Nikkel moved from a Analysts were reminded of high of 34,863.08 to a low of the Wall Street crash in Octo-

THE TOKYO Stock Exchange said yesterday that it would relax margin trading requirements for the second time this month, in an attempt to stop share prices falling further. The collateral requirement would be reduced from 50 per cent to 40 per cent and the percentage of securities acceptable as collateral would be raised from 60 per cent to 70 per cent. The stock exchange also requested that arbitrage trading

be restricted to just after the opening of the morning and afternoon sessions. All changes are effective from today.

There was also talk that the Ministry of Finance had summoned the leading brokers and institutional investors to discuss ways in which they might support the market.

32,443.18 and declines outnumbered advances by 1,030 to 25, with 29 issues unchanged. The Topix index of all listed stocks also suffered its second biggest fall in history - of 106.00 points, or 4.1 per cent, to 2,448.31 - while, in London trading, the ISE/Nikket 50 index lost 8.83 to 1,800.59.
The declines were blamed by

100 Yoho Pres B

DM286 as it said it planned to sell a 10 per cent stake in

Hochtief to RWE, the utility.

Hochtief, the construction group which took off last November on German reunifi-

cation prospects, made an above-average fall, losing DM59 to DM1,140 as RWE's stake

moved up from 39 to 54 per

ber, 1987. "The fall was similar to the way Wall Street fell on Black Monday," commented Mr Toshiyuki Nishiguchi at Daiwa Securities. Another broker said: "It showed to what

extent programme trading has come to affect the market." Programme trading has also affected investor sentiment, adding to the mood of uncer-tainty. "The way the market fell [yesterday] is very different from the way it has fallen in analysts on arbitrage selling and a lack of demand. Arbitra-

the past," said Mr Norio Watanabe, at Crédit Suisse Investment Advisory Co. After previous slides, he said, investors had had a sense of where the bottom would be programme trading had obscured that. "People don't know what to do. Because of programme trading, investors have lost their feel for the mar-

The stocks hardest hit were the large capital issues. Sumitomo Metal, top in the actives list with 19.2m shares traded,

lost Y41 to Y710 and Nippon Steel followed with 15.3m shares, falling Y14 to Y656. Osaka dropped 1,778.13 to 34,697.12. Volume rose to 73m shares from 57m on Friday.

#### Roundup

THE NIKKEI average's nose-dive caused falls in Asia Pacific markets, but only Taiwan suffered a serious sell-off Almost all of the other markets ended off their lows. TAIWAN was seriously unsettled by Tokyo's plunge, with the weighted index losing

11,086.63 — its lowest level since January 17.

AUSTRALIA suffered its largest one-day fall since last year's October mini-trash. The All Ordinaries index shed 34.8

points, or 2.2 per cent, to 1,546.2, sinking to its lowest level since July.

National turnover totalled 101m shares worth A\$244m, which included a large slice of options related trading.

NEW ZEALAND fell 3.4 per cent to its lowest level in

nearly two years. The Barclays index shed 59.75 to 1,739.29 in heavier volume than was usual for a Monday, up to 11m shares worth NZ\$20m from 7m and NZ\$13m on Friday.
HONG KONG, SINGAPORE and RUALA LUMPUR all recovered some of their early losses. The Hang Seng index closed 21.68 down at 2.872.63; the Straits Times industrial index eased 42.41 noints or 2.2

index eased 42.41 points, or 2.8 per cent, to 1,506.56; and the Kuala Lumpur composite index lost 19.75, or 3.3 per cent, to 581.50. SEOUL slipped to its lowest level in about 15

# Bourses regain ground after Tokyo jitters

AFTER a measured and ished ahead of advances 409 to relatively muted response to 220. Volume was light, with 21.7m shares valued at

Staff.

PARIS clawed back an opening fall of 1.7 per cent as Wall Street started the day firmer. Trading was moderate at about FFr2.5bn. The CAC 40 index closed 0.48 higher at 1.804.10—and might have been better still if computer difficulties in the Paris bourse area had not certailed trading.

shimp in Tokyo began to fade 10 minutes after the opening bell. Confidence was encour-aged by the steadiness of the bond market, an easing of the day-to-day money rate and the fact that the Bank of France left the intervention rate

left the intervention rate unchanged, said a dealer.

Peugeot continued to rise in active volume, with 427,850 shares traded. Last week's deal between Renault and Volvo focused attention on the motors sector, with Renault's high level of debt spotlighting Peugeot's lack of debt. The latter added FFr29 to FFr782, taking its gain since Wednesday to 11,2 per cent-Renault advanced by FFr69 yesterday

Among other actives, Elf Aquitaine rose FFr7 to FFr581. Yesterday was the first day that international investors could buy shares in the hig insurers, Assurances Générales de France, Gan and Union des Assurances de Paris (UAP) The first two declined in fairly light trading, while UAP lost FFr10 to FFr633 on volume of 02,000 shares on the first day

DM3.7bn, against DM5.5bn last Friday. Commerzbank made

## SOUTH AFRICA

PRESSURE from Tokyo forced Johannesburg sharply lower yesterday in thin trading as

# Sweden 140 FT-A World Index

Tokyo's overnight drop, mostbourses recovered yesterday with, for some, a late lift from Wall Street, writes Our Markets

curtailed trading.
Initial nervousness about the

to FFr1.749.

of its FFr10.5bn capital issue.
FRANKFUET ended in better shape than it had begun, with the DAX index only 13.65, or 0.8 per cent, lower at 1,775,99 after a 10.43-point, or 1.4 per cent full in the FA7 at midses cent, fall in the FAZ at midses-sion. Volume was extremely for recent weeks at

below-average fail in the bank sector, down just DM2.50 at

investors nervously awaited

with Renault, the French state-controlled automotive some high-profile companies from significant declines. BMW

572.03, or 4.9 per cent, to

fell DM17.50 to DM608.50 and Volkswagen dropped DM10.30 to DM538.20. Asko and Horten led a sorry retail sector down, with falls of DM20 and DM10 to DM630 and DM308 respectively. AMSTERDAM was encouraged by Wall Street's opening strength and regained most of its early losses. The CBS tendency index ended 1.2 down at 104.5 offer falling to 102.5 in

104.6, after falling to 103.6, in moderate trading. Nervousness about the local market's volatility left Akzo 20 cents lower at Fi 114.50 after it reported a 13 per cent net profits rise and a higher dividend. Unilever, which announces 1989 results today, dropped 27 140 to Fi 1987 FI 1.40 to FI 138.70.

STOCKHOLM recovered from early losses but closed mainly lower in weak trading, extending last week's slide. The Affärsvärlden index lost 5.9 to 1,154.50, Turnover was

Volvo continued to climb The recovery from the day's against the trend after Friday's low was not enough to rescue announcement of a link-up

group. Its free Bs rose SKr28, or 6.8 per cent, to SKr411.
Saab-Scania free Bs fell SKr2
to SKr240. The company
released 1989 results just after
the close, with pre-tax profits
halved to SKr1.6bn.

The indices table on the opposite page now lists the Attasyariden index instead of the Jacobson & Ponsbach MILAN heard the Bank of

Italy governor, Mr Carlo Ciampi, say that Italy's inflation rate will continue to slow — and promptly took the Count index down by 14.72, or 2.1 per cent, to 646.73. There was much talk of sell-

ing, but volume was estimated at only L150bn to L160bn, around the average of recent days but well below last year's

The banking sector did fare poorly, with Mediobenca falling L720 to L17,430, Banca Commerciale Italiana L253 to L4,565 and Credito Italiano L105 to L2,565.

closed off its lows in what one analyst described as miserable volume. The cash market index shed 88.17, or 1.6 per cent, to

Gevaert, the holding company, dropped BF1270 to BF18,010 after reporting lower net profits for 1989.

MADRID fell after the plunge in Tokyo and early declines elsewhere in Europe. The general index lost 4.63, or 1.7 per cent, to 269.19.

OSLO was sharply lower in thin trading. The all-share index fell 9.16 to 594.85, a drop of 1.5 per cent, in volume of NKr208m. Slightly firmer oil prices helped restrict the fall. VIENNA eased after Friday's marginal gain. The bourse index, which has broken records since the start of the year, shed 7.89 to 686.26.

INTANBUL tumbled again on

profit-taking and after last week's resignation of the for-mer foreign minister, Mr Mesut Yilmsz. The bourse index fell 206.92, or 6.1 per cent, to 3,181.17.

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# FT-ACTUARIES WORLD INDICES

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REGIONAL MARKETS			DAL LEDU	TWILL TO 18	44	- FHILLAT	PERINANT	DOLLAR WEEK				
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency index	Day's change % local currency	Gross Div. Yleki	US Dolfar Index	Pound Sterling Index	Local Currency Index	1989/90 19gh	1989/90 Low	Year ago (approx
Australia (84)	138.09	-2.6	120.93	120.09	-2.4	5.59	141.72	122.94	.123,10	160.41	128.28	131.93
Austria (19)	261.29	-1.8	228.82	229.41	-1.2	1.16	266,08	230.83	232.23	266.08	92.84	101.45
Belgium (61)	132.11	-2.5	115.69	114.68	-1.6	4.86	135.46	117.51	116.59	160.02	125.58	131.44
Canada (120)	137.42	-0.3	120.34	119.16	-0.2	3.42	137.87	119.61	119,45	154.17	124.67	131.22
Denmark (36)	245.61	-1.4	215.09	216.72	-0.8	1.48	249.22	216.21	218.46	260.82	165.35	165.35
Finland (26)	148.15	-0.9	129.74	123.20	-0.2	2.41	149.49	129.69	123.39	159.16	118.63	144.47
France (125)	141.69	-0.9	124.08	127.13	-0.2	296	142,96	124.02	127.43	157.97	112.57	112.57
West Germany (96)	123.04	-2.2	107.75	108.10	-1.5	1.98	125.86	109.18	109.79	197.01	79.56	83.85
Hong Kong (48)	117.51	-0.6	102.91	117.82	-0.6	4.95	118. <del>2</del> 7	102.61	118,56	140.33	88.41	129.06
Ireland (17)	188.64	-0.3	165.20	168.93	+0.2	2.58	189.31	164.23	168.56	198.57	125.00	144.12
Italy (96)	92.07	-3.0	80.63	85.88	-24	2.67	94,90	82.33	87.96	102.11	74.97	80.36
Japan (455)	159.43	-5.2	139.62	149.96	-4.0	0.54	168.24	145.95	156.27	200.11	159.43	197.48
Malaysia (36)	230.96	-3.1	202.26	240.48	-3.1	2.22	238,46	206.87	248,24	245.32	143.35	157.08
Mexico (13)	385.85	+1.2	337.90	1152.13	+1.3	0.45	381.42	330.89	1137.63	385.85	153.32	154.19
Netherland (43)	130.97	-1.4	114.69	113.72	-0.7	4.82	132.77	115.18	114.53	145.66	110.63	11291
New Zealand (18)	61.96	-3.8	54.26	55.90	-3.4	6.17	64.38	55.85	57.85	88.18	61.96	70.71
Norway (24)	229.50	-1.9	200.97	202.63	-1.3	1.62	233.90	202.91	205.32	241.98	139.92	163.63
Singapore (26)	186.45	-3.1	163.28	160.16	-3.1	1.82	192.36	166.88	165.32	199.38	124.57	141.93
South Africa (60)	197,79	-3.5	173.21	154.68	-3.2	3.61	205.03	177.87	159.77	251.39	115.35	130.93
Spain (43)	147.87	-1.8	129.50	121.49	-1.5	4.32	150.65	130.69	123.31	169.75	143.14	144.66
Sweden (35),	181,29	-0.6	158.76	163.78	-0.2	2.23	182.37	158.21	164.08	206,95	138.45	152.35
Switzerland (62),	93.46	-1.6	81.85	86.13	-1.0	2.15	94.99	82.41	86,98	99,12	67.81	75.37
United Kingdom (306)	154.73	-0.5	135.50	135.50	+0.5	4.74	155.48	134.88	134.88	164.31	133.28	145.91
USA (542)	133.04	+1.3	116.50	133.04	+1.3	3.56	131.32	113.92	131.32	148.29	112.13	117.30
Europe (989)	136.87	-1.3	119.86	120.26	-0.5	3.60	138.62	120.26	120.87	148.66	112.63	116.84
Nordic (121).,	187.48	-1.1	164.16	160.63	-0.6	1.87	189.55	164.44	161.53	201.89	137.95	149.50
Pacific Basin (667)	157.05	-5.0	137.54	147.49	-3.9	0.82	165.40	143.48	153.51	194.72	157.05	191.93
Euro - Pacific (1656)	149.24	-3.7	130.70	138.84	-2.7	1.88	154.93	134.40	140.61	174,18	141.58	161.86
North America (662)	133.21	+1.2	116.65	132.16	+1.2	3.55	131.62	114.18	130.58	146.66	112.79	118.03
Europe Ex. UK (683)	124.83	-1.8	109.31	110.87	- 1.1	2.83	127.10	110.28	112.16	135.73	96.30	98.87
Pacific Ex. Japan (212)	128.16	-21	112.23	115.84		4.95	130.95	113,60	118.27	140.05	111.93	125,71
Norld Ex. US (1849)	149.44	-3.6	130.87	138.74	-26	1.93	154.96	134.43	140.39	173.77	141.49	160,48
World Ex. UK (2085)	141.39	-22	123.82	135.35	-1.6	2.21	144.56	125.41	137.50	162.00	136.98	143.71
World Ex. So. Al. (2331)	142.23	-20	124.55	135.20	-1.4	2.45	145.15	125.92	137.06	161.84	136.67	143.97
World Ex. Japan (1938)	135.29	+0.0	118,48	127.96	+0.3	3.62	135.25	117.33	127.53	145.52	114.51	118.07
The World Index (2391)	142.57	-20	124.85	135.34	-1.4	2.46	145.51	126.24	137.22	162.05	136.68	143.89
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